Weekend FT

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FINANCIAL TIMES

Europe's Business Newspaper — WEEKEND JUNE 25/JUNE 26 1994 — D8523A

Price-cut protest planned against Murdoch group

Andreas Whittam Smith, main founder of The Independent newspaper, which is based in London, plans to go to the UK Office of Fair Trading next week to accuse Rupert Murdoch's News Corporation of predatory pricing by reducing the cover price of The Times to 20p. His allegation is backed by shadow trade and industry secretary Robin Cook who wants the OFT to investigate the British newspaper pricing war. Page 24 and Lex

Transplant patient recovering well:

Stephen Hyett, a 32-year-old butcher from Haverhill, Suffolk, pictured left with his wife Tracy, says he feels fine after undergoing a rare multiple-organ transplant at Addenbrooke's Hospital, Cambridge, southern England. He is one of only a handful of people in the world to have received a new liver, kidney, stomach, duodenum, small bowel and pancreas. He suffers from Gardner's Syndrome, a condition that can cause deadly tumours in the bowel and duodenum.

PosTel, £20 bn UK investment management group, is to vote at company annual meetings against the re-election of directors who have rolling employment contracts longer than two years. Page 24 and Lex

Gunman on rampage in Frankfurt: A gunman armed with a machine pistol struck in the centre of Frankfurt, killing one man and seriously injuring three other people, including a child. He later gave himself up.

Opinion poll puts CDU in lead: Germany's governing Christian Democratic Union has moved 4 points clear of its election rival, the Social Democratic party, for the first time in three years, the latest German opinion poll shows. Page 3

Rebels strike Kigali: Rwandan rebels blitzed the government-held centre of Kigali, inflicting dozens of casualties and hitting the Red Cross hospital and public market with mortar fire.

Boy, 13, cleared of rape: Magistrates at Newport, Isle of Wight, cleared a 13-year-old boy of raping a girl in a school sandpit. The boy, 12 at the time of the alleged offence, is the youngest person to have been charged with rape in Britain.

Minister resigns: Portugal's junior minister for employment and training, António Pinto Cardoso, has quit after an investigation was launched into the suspected misuse of European Social Fund money. Page 3

Giant atom-smasher plan on track: Europe is on the brink of building the world's most powerful atom-smasher after the Council of Cern, the European particle physics laboratory near Geneva, backed the project. Page 4

Hope of HK airport accord: A draft agreement on the financing of Hong Kong's HK$158bn ($20.2bn) airport project is being prepared by British and Chinese officials in the most hopeful sign for two years that a deal can be concluded. Page 4

UK legal aid rules may be revised: The government may change the legal aid rules after a wealthy Arab businessman received more than £4m ($6.1m) in legal aid to fight an embezzlement action brought by his former employers, the Arab Monetary Fund. Page 7

UK deficit lowest for years: The UK's current account deficit in the first quarter was just £667m ($1.01bn) – its best performance for seven years, according to the Central Statistical Office. Page 6

Elf Aquitaine, privatised French oil group, warned that first-half recurring operating profits would fall by about 20 per cent compared with the same period last year following low crude prices earlier this year. Page 11; Lex, Page 24

Part-time job for Sculley: Former Apple Computer chief executive John Sculley has been hired as a part-time marketing adviser by Eastman Kodak, US photographic products group. Page 11

World Cup: The Irish Republic's hopes of advancing to the next stage of the competition were set back when they were beaten 2-1 by Mexico in Orlando leaving all teams in the group equal on points. Weekend, Page XIV

■ STOCK MARKET INDICES

FT-SE 100:	2,876.6	(-65.8)
Yield	4.08	
FT-SE Eurotrack 100	1,328.34	(-8.64)
FT-SE-A All-Share	1,445.85	(-2.1%)
Nikkei	20,766.75	(-273.46)
New York lunchtime:		
Dow Jones Ind Ave	3,665.48	(-33.61)
S&P Composite	445.77	(-3.86)

■ US LUNCHTIME RATES

Federal Funds:	$4\frac{1}{8}$%
3-mo Treas Bills: Yld	4.231%
Long Bond	$85\frac{1}{16}$
Yield	7.582%

■ LONDON MONEY

3-mo Interbank	$5\frac{5}{8}$%	(same)
Liffe long gilt future:	Jun $100\frac{13}{32}$	(Jun $101\frac{11}{16}$)

■ NORTH SEA OIL (Argus)

Brent 15-day (Aug)	$17.36	(17.2)

■ Gold

New York Comex (Aug)	$392.9	(391.5)
London	$391.7	(390.7)

■ STERLING

New York lunchtime:		
$	1.551	
London:		
$	1.5422	(1.5386)
DM	2.463	(2.4671)
FFr	8.4379	(8.4428)
SFr	2.0642	(2.0763)
Y	155.603	(155.624)
£ Index	80.0	(79.9)

■ DOLLAR

New York lunchtime:		
DM	1.585	
FFr	5.43275	
SFr	1.3295	
Y	100.455	
London:		
DM	1.5972	(1.6035)
FFr	5.4715	(5.4875)
SFr	1.3385	(1.3495)
Y	100.9	(101.15)
$ Index	63.8	(64.0)

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Share and bond prices fall on speculation over higher US interest rates

Banks' action fails to lift dollar

By Michael Prowse in Washington, Philip Coggan in London and Patrick Harverson in New York

Concerted central bank intervention failed to lift the dollar in European trading yesterday, prompting heavy declines in share and bond prices amid speculation that tha US Federal Reserve would be forced to raise short-term interest rates again to defend the US currency.

Up to 17 central banks, led by the Fed, bought an estimated $2bn-$3bn during tha European afternoon, three days after the dollar had fallen briefly below Y100, a post-1945 low.

The dollar initially rallied on the intervention, climbing to Y101.80 and DM1.61, but then fell back to Y100.9 and DM1.5972 by the London close. By mid-afternoon in New York, the dollar was trading at Y100.41 and DM1.5827, below the levels at which the central banks first intervened. The Fed continued to buy dollars in New York trading.

Confirming the action, Mr Lloyd Bentsen, US treasury secretary, said: "Our actions today in co-operation with our Group of Seven partners and other monetary authorities reflect a shared concern about recent developments in financial markets."

In a hint that central banks would try again to stabilise the dollar, he added: "We look forward to continued co-operation to maintain the conditions necessary for sustained economic expansion with low inflation."

The view on Wall Street was that the Fed might have to raise the short-term Federal Funds rate, currently 4.25 per cent, at, or before, the next planned meeting of Fed governors and regional presidents on July 5-6.

In London, traders said the central bank action had failed, reinforcing the market view that intervention was ineffective in influencing exchange rate movements.

"If the best thet the central banks can do is shift the dollar by one pfennig, they might as well pack their bags and go home," said Mr John Shepperd, chief economist at Yamaichi International (Europe).

The apparent failure of the intervention depressed stock and bond markets in Europe and the US. The FT-SE 100 index fell 65.8 points to 2,876.6, a new low for the year. In Germany the DAX index dropped 16.79 points to 2,005.31, to finish the week with a 2.2 per ceot loss overall. Both German hunds and UK gilts fell by around ¾ of a point yesterday.

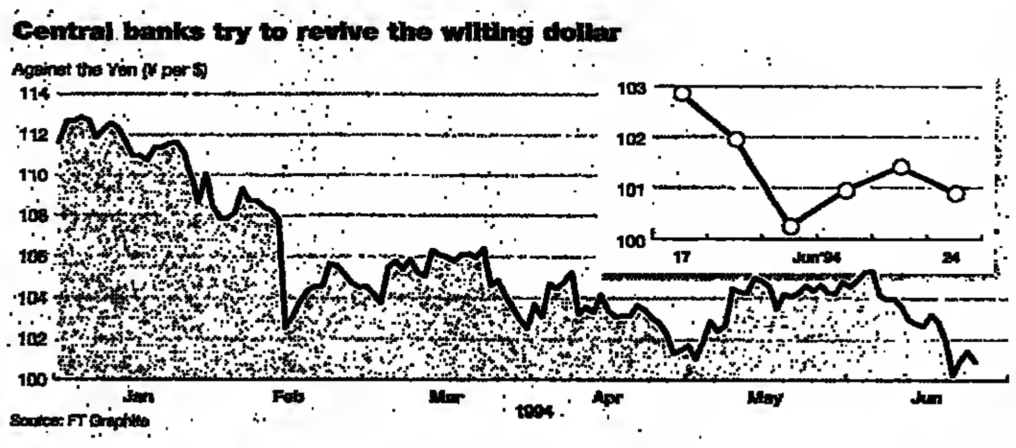
In New York, the Dow Jones industrial average was down more than 40 points in mid-afternoon at about 3,657, having shed more than 50 points earlier in the day, a decline that triggered the market's "circuit breakers" which limit computer programme trading. Treasury bond prices also fell sharply, with the benchmark 30-year government bond dropping 1¼ points, pushing the yield up to 7.514 per cent.

Yesterday's concerted intervention followed similar action on May 4 and intervention by the Fed in April to try to stem the dollar's decline.

Earlier this week, President Bill Clinton, Mr Bentsen and Mr Alan Greenspan, the Fed chairman, attempted to talk the dollar higher by emphasising the strength of the US recovery and the encouraging outlook for inflation.

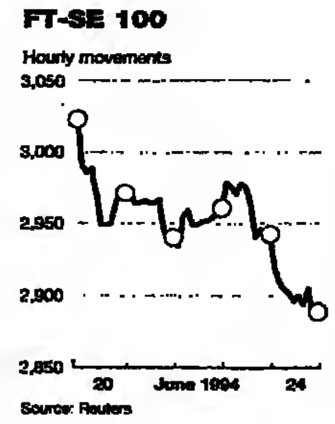
But the dollar's failure to respond may partially reflect the muted tone of Mr Bentsen's remarks. He appeared unwilling to defend any particular value of the currency, suggesting instead, that the US regarded dollar weakness as a problem for the global community. Upward pressure on the yen and D-Mark will stimulate US exports in the short run but could undermine recovery in Europe and Japan.

Central banks try to revive the wilting dollar



Source: FT Graphite

FT-SE 100



Source: Reuters

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Hata fights to defeat no-confidence vote

Tokyo coalition in last-ditch talks with SDP

By William Dewkins in Tokyo

Japan's nine-week-old minority government was last night fighting for survival after talks aimed at averting a no-confidence vote in the government broke down.

The five-party government of Mr Tsutomn Hata was still trying last night in backroom talks to persuade tha opposition Social Democrats to rejoin the coalition. This would give it enough votes to defeat a no-confidence motion launched by the Liberal Democratic party, the largest opposition group.

The vote was scheduled for the early hours of this morning. The impasse followed a breakdown in talks between Mr Hata, the prime minister, and Mr Tomiichi Murayama, leader of the Social Democrats.

It increased the risk that Japan will descend into another leadership crisis just before the summit in Naples at the start of next month of the Group of Seven leading industrial nations, at which Tokyo was expected to present to its partners plans to reinforce the fragile revival of the world's second largest economy.

"Japan will lose the trust of international society," warned Mr Ichiro Ozawa, the government's strategist. "We must send prime minister Hata to the summit . . . if the entire cabinet resigns, we won't be able to form a new cabinet in time," he said.

Mr Hata and coalition officials yesterday refused SDP conditions that the prime minister should resign and that the government should water down plans for a rise in indirect taxation and possible sanctions against North Korea.

The Social Democrats walked out of the government just after it was formed in April, in protest at plans to exclnde them from policy making. Angry SDP leaders warned yesterday they would put down their own no confidence motion, in addition to the one launched by the LDP. The outcome of the no confidence motion is impossible to predict.

Both the LDP and SDP old guard are tempted to vote down the government in the hope of bringing an early general election, before parliament has a chance to pass a pending bill to reform the electoral system.

The older generation fears it would do worse under the new system due to come into effect in the autumn.

Japanese trade surplus 'key to currency flux', Page 4

Tsutomu Hata: survival battle

Eurofighter deliveries jeopardised by German deadlock

By Michael Lindemann in Bonn and Bruce Clark in London

Deliveries of the European fighter aircraft to all four natinns in the project will be delayed for np to a year uoless Germany's politicians and industrialists can resolve by next Friday a dispnte about development costs.

The German defence mioistry said the two sides were far apart and there was no prospect of the government agreeing to demands by Deotsche Aerospace (Dasa), the German industrial partner, that an extra DM1.2bn (£480m) be found from public funds for the project.

The dispnte must be resolved before the German legislature goes into recess on Friday, or it will remain ontstanding until the end of the year or early 1995, when a new government sets ont its defence priorities.

The Social Democratic opposition in Germany doubts the need for the Eurofighter after the end of the cold war. Supporters say it will meet Western Europe's air defence needs until well into the next century.

The project is already running more than two years late, in part because of political controversy in Germany.

The fonr governments involved, whose development and initial production run are expected to cost £30bn, had hoped to sign a memorandum of understanding to complete development work this summer. That will not be possible unless there is a breakthrough in Germany.

By current plans, Britain and Italy expect to start taking delivery of the Eurofighter in the year 2000, Spain in 2001, and the German Air Force in 2002. However, defence industry officials said this timetable will not be feasible unless the German row is resolved in the next few days.

A spokesman for British Aerospace Defence, the UK's industrial partner in the project, said of the German dispute: "We have made a commitmeot to the customer governments and we would not wish to see that change. We should remember that the longer the project takes,

Continued on Page 24

Dehaene support strengthens in contest for EC presidency

By Lionel Barber, David Gardner and Philip Stephens in Corfu

A Franco-German drivan bandwagon to crown Mr Jean-Luc Dehaene, the Belgian prime minister, as new president of the European Commission was gathering pace last night.

Mr Dehaene seemed to command the support of a majority of EU leaders, despite widespread irritation at the way in which Chancellor Halmnt Kohl has sought to control the succession to Mr Jacques Delors.

A victory for the Belgian federalist would put Mr John Major, the UK prime minister, in serious political difficulties, and risk a backlash from right-wing Conservative MPs.

Last night as EU leaders gathered for a showdown dinner over the Delors succession at the Corfu summit, Mr Major imposed a news blackout on the British delegation.

The heads of government were due to discuss the merits of Mr Dehaene's rivals, Mr Ruud Lubbers, the outgoing Dutch prime minister and one-time favourite, and Sir Leon Brittan, EU trade commissioner, backed by the UK.

German officials insisted that Mr Dehaene would get as many as 10 votes, leaving the UK and Natherlands no option hnt to withdraw their candidates. Chancellor Helmut Kohl, who has threatened an emergency summit next month if there is a deadlock, said: "We'll be able to settle this problem."

Other mamber states were more reserved, underlining that the candidate requires unanimous backing, and that front-runners in previous successions have been vetoed.

Mr Delors himself owes his job to a veto by Lady Thatcher, the former British prime minister, in 1984 against the then French foreign minister Mr Claude Cheysson.

Portuguese, Italian and British officials expressed anger at the way in which France and Germany – the dominant axis in the Union – have tried to impose Mr Dehaene.

Mr Jose Manuel Durao Barroso, Portuguese foreign minister, said: "Mr Dehaene is a very good candidate, but we do not like the way this has been done."

Mr Major and Mr Silvio Berlusconi, the new Italian premier, agreed yesterday that in future the Brussels joh should be decided differently.

British officials suggested that if Mr Dehaene's candidacy proved unstoppable, Mr Major would seek to combine his appointment with a statement from the 12 EU heads of government circumscribing the role of the new Commission president.

A call from Mr Kenneth Baker, the former UK home secretary, for Mr Major to use his veto against Mr Dehaene, brought private acknowledgment from ministers that an apparent federalist triumph could reignite civil war over Europe inside the UK's ruling Tory party.

Mr Lubbers made clear yesterday that he was staying in the race. He said jokingly that Mr Dehaene was "a very good prime minister – perhaps he should stick with it."

Mr Douglas Hurd, UK foreign secretary, has said recently that the UK might find Mr Dehaene acceptable, because he is not an activist in the mould of Mr Delors. But Mr Major has resolutely refused to make his position on the Belgian premier known.

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No 32,402 Week No 25 LONDON · PARIS · FRANKFURT · NEW YORK · TOKYO

FT writers report from the start of EU leaders' two-day summit in Corfu

Yeltsin signs plan to bring Russia back into Europe

By Lionel Barber

President Boris Yeltsin of Russia yesterday signed a landmark "partnership" agreement with the European Union which strengthens political and economic ties, and holds out the prospect of a free trade area at the turn of the century.

Mr Yeltsin, visibly pleased, told EU leaders at the Corfu summit the agreement was of historic importance: "There is a clear definition of the various stages of bringing Russia back into economic Europe as an equal partner."

The partnership and co-operation agreement – similar in scope to the pact signed this month between the EU and Ukraine – is a central plank in western strategy aimed at stabilising post-communist Russia.

It also aims to ease Russian nationalist fears of encirclement as more countries which were formerly Soviet satellites or neutrals, from the Baltic to the Adriatic, are drawn into the democratic, market-oriented orbit of the European Union.

In a telling sequence, minutes after Mr Yeltsin was whisked away in his armoured black Zil, the leaders of Austria, Finland, Sweden and Norway stepped into his place in St George's Chapel to sign accession treaties to the European Union. Poland and Hungary have already applied to join the EU, with the Czechs in the wings.

Yet EU diplomats believe their policy of embracing Russia is paying off. This week, Russia became the 21st country to enter the Nato alliance's Partnership for Peace, dropping its earlier demands for a special status and joining its former communist satellites in central and eastern Europe.

Next month, the Group of Seven industrialised nations will welcome Russia as a member of the G8 at their summit in Naples. The new political grouping is calculated to appeal to Russia's demands to be treated as a great power.

Sir Leon Brittan, chief EU trade negotiator, said the partnership agreement was more than a symbolic act. It amounted to a quantum leap in relations with Russia which would encourage foreign investment in Russia and liberalise trade.

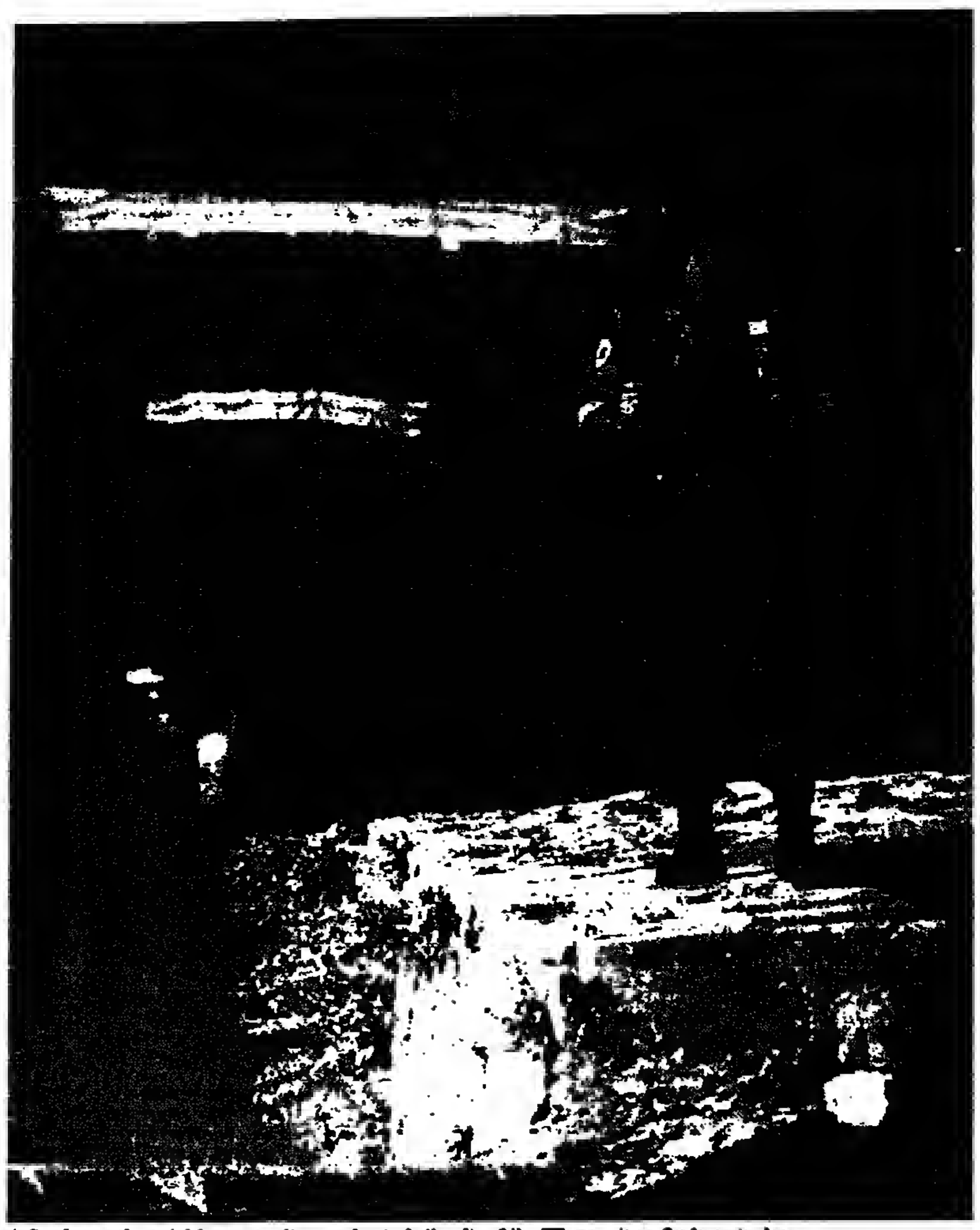
Last year, Russian exports to the Union were valued at $17.4bn (£11.4bn), around 50 per cent of its total exports. Main items included minerals (44 per cent) and wood products (14 per cent). EU exports to Russia were $13.5bn, with one third being electrical machines and parts; processed foodstuffs made up 16 per cent.

The agreement contains several important "safeguard" mechanisms aimed at regulating two-way trade before 1998, when the EU and Russia will decide whether to embark on the far more ambitious goal of a free trade area. Its main features include:

- EU support for Russian accession to the General Agreement on Trade and Tariffs and the successor World Trade Organisation. Meantime, both sides agree to consult before increasing tariffs on each other.
- Removal of all EU quotas on Russian exports, with the exception of certain textile and steel products. But Moscow may introduce limited restrictions in sectors facing heavy jobs losses, or those which could lose market share to more competitive western companies.
- Safeguard clauses may be introduced on either side to curb sudden surges of imports, similar to those in Gatt. These require parties to show there has been substantial injury to domestic producers.
- Enriched and natural uranium. Thanks to pressure from France, which has the largest share of the EU market, the pact includes safeguard clauses similar to an earlier 1989 pact with Russia. The aim is to conclude a separate agreement covering nuclear fuels by 1997.
- Investment and business. The pact removes obstacles to the free flow of capital, including direct investment as well as repatriation of profits. Once established in Russia, EU companies cannot be subjected to restrictive legislation for three years following the passage of any new law. Mobility of labour and management should increase, too.

The most vexed topic in the negotiations concerned the Russian banking sector. After much huffing and puffing, Moscow has agreed to scrap by 1996 a decree maintaining curbs on foreign banks. Meantime, this law will not apply retrospectively to the five banks already given licences in Russia – Crédit Lyonnais and Générale de Banque of France; Dresdner Bank of Germany; and the Dutch INGBank and ABN Amro.

Mr Yeltsin called for trust between the EU and Russia and welcomed ever closer political and economic integration inside the Union. Russia intended to press for "more and more integration" in the Commonwealth of Independent states, he said.



A Greek armed special force security guard patrols the site of the EU summit on Corfu yesterday Reuter

Berlusconi goes into a minefield with aplomb

By David Gardner

Mr Silvio Berlusconi, Italy's new tycoon premier, took a sure first step on to the European stage yesterday in spite of a modest attempt to trip him.

Arriving at his first EU summit for the pre-meeting signings of an EU agreement with Russia and EU membership treaties with Austria, Sweden, Finland and Norway, he faced an immediate snub.

Mr Theodoros Pangalos, Greece's Socialist European affairs minister, who has played the lead role in his country's six-month presidency of the EU, greeted each of the arriving heads of government with a handshake, but then turned his back on Mr Berlusconi and left it to the Greek head of protocol to bring him in to the meeting.

The Greek presidency denied it had withheld the normal greeting and added to the snubs Italian ministers have been getting from some of their colleagues because of Mr Berlusconi's inclusion of neo-fascists in his coalition. In so far as the head of protocol did his duty, the Greeks ate their cake and had it.

But Mr Berlusconi was unfazed, appeared to sleep through most of Russian President Boris Yeltsin's speech, and signed each treaty with a great flourish and overshed B. Then, alone among the 12 leaders, he bounded over to Nordic and Alpine newcomers and shook each by the hand – seizing the photo-opportunity of visual endorsement by the squeaky-clean democrats from the north.

He had begun his day at a 1¼-hour breakfast with Mr John Major, the British prime minister. The UK, often isolated in EU affairs, is attracted by Rome's new Eurosceptical tone, and anxious to cement an alliance with it. The two agreed to hold an Anglo-Italian summit soon.

British officials said Mr Major and Mr Berlusconi voiced "a fair amount of very similar positions on the way to go" on deregulation, flexible labour markets, and on subsidiarity in EU decision-making.

But they refused to comment on whether the Italian premier shared British distaste for Mr Jean-Luc Dehaene, Belgium's federalist prime minister, who leads his fellow Christian Democrat rival, outgoing Dutch prime minister Ruud Lubbers, in the shadowy race to succeed Mr Jacques Delors as European Commission president.

Italian officials were more forthcoming, saying France and Germany, Mr Dehaene's powerful backers, should not be allowed to impose him. The implication was that the 12 leaders might well fail to agree on a successor at a private dinner last night.

But Mr Berlusconi is looking to bargain for a settlement of a long-running row over Italy's flouting of EU limits on milk production, and has threatened to hold up the EU budget increase planned for next year unless he gets satisfaction. He also wants EU backing for former Italian trade minister Renato Ruggiero to take over as head of the new World Trade Organisation next year.

Anglo-Irish talks, Page 7

Some EU officials believe the Italian may have reached an understanding with Chancellor Helmut Kohl at their recent meeting, in exchange for not blocking Mr Dehaene. Yet others think Mr Berlusconi will wait to see who the majority backs, and then join it.

But the Italian hand is only as strong as the way Mr Berlusconi plays it. Cashing in on support for Mr Dehaene needs a strong feel for bluff, signals and timing. If Mr Berlusconi's early signals let Mr Lubbers suggest plausibly he has Italy and the UK on his side, the Italian leader may become the excuse for a failure to resolve the succession at Corfu.

It usually takes a while to grasp the chemistry of the EU's negotiating and hostage-taking. And it would be an unusual man who got it right first time.

Ukraine N-strategy questioned

By David Gardner

EU efforts to agree on a support framework for the overhaul of Ukraine's energy sector, to make possible the early closure of the Chernobyl nuclear reactors, have been clouded by leaked reports calling into question the strategy and its costs.

The EU's Corfu summit is expected to agree a common position on the Ukrainian nuclear safety question today to take to next month's G7 summit in Naples. No figures for EU aid will be decided, in the hope of extracting maximum financial pledges from the US and Japan in Naples.

The essential idea is to raise funding sufficient to shut Chernobyl and complete construction of five unfinished Soviet-era reactors to western safety standards.

The EU made clear last week to President Leonid Kravchuk, when the 12 signed a wide-ranging partnership agreement with Ukraine in Luxembourg, that closure of Chernobyl was of paramount concern to west European governments.

An April report by experts from the European Bank for Reconstruction and Development and the World Bank, leaked by Greenpeace, the environmental campaign group, underlines the inadequate safety standards of plant design and operation in Ukraine; the near bankruptcy of the nuclear sector, which constrains upgrading and maintenance, leads to staff shortages, and risks shoddy construction; and the plethora of estimates on the costs of safe nuclear power generation.

Goskomatom, the Ukrainian nuclear authority, provided the EBRD/World Bank team with an estimated cost of $1.2bn (£790m) to complete five new reactors under construction at Zaporozhe, Rovno and Khmelnitsky. A year ago, the EBRD reported to the G7 that the cost of completing just two of these reactors would be $1.5bn, about half of it in hard currency.

The Ukrainian government has since said that the overhaul of its nuclear sector could cost up to $14bn.

Without western aid, it predicts the likely completion of only one of the five new units – already 95 per cent finished – but only to local safety standards. The fact-finding mission also warns that Ukraine could go ahead with its February decision to re-start next year Chernobyl's second reactor, damaged by fire in 1991. Two reactors are still functioning at Chernobyl, after the destruction of the third reactor in the 1986 disaster.

The EU and its G7 partners, by falling in with Ukraine's nuclear ambitions, on the evidence of the EBRD/World Bank report face a greater challenge than they have acknowledged.

Western nuclear construction companies, moreover, may balk at accepting contracts in the Ukraine because there is no legal regime to protect them from liability in the event of accidents. Under international conventions, such a regime would have to be put in place with the consent of neighbouring countries. "They will not sort this question out in the near term," predicted Mr Antony Froggatt of Greenpeace. "The west is playing with fire."

SUMMIT DIARY/KERIN HOPE

Kohl plays up the Saxon angle

Chancellor Helmut Kohl has clearly not forgotten last year's remark by Mr Theodore Pangalos, Greece's European affairs minister, that the re-united Germany has "a bestial giant's strength and a child's brain". Both he and Mr Klaus Kinkel, the German foreign minister, managed to arrive too late for the Corfu summit's opening dinner, in honour of Russian President Boris Yeltsin. Greek officials were not convinced by their excuse of being delayed by a last-minute campaign trip to Saxony-Anhalt ahead of Sunday's state elections.

Still, Mr Pangalos demonstrated that six months of chairing EU meetings have done nothing to make him more tactful. Having criticised the neo-fascists in Italy's government, he refused to shake hands with Mr Silvio Berlusconi, the Italian prime minister, in full view of the television cameras yesterday.

□ □ □

Mr Andreas Papandreou, the Greek prime minister whose uncertain health is a constant worry to the governing Panhellenic Socialist Movement, appeared to have put on a new face for a meeting of European Socialist parties on the eve of the summit. From a distance he had a suntanned glow to his complexion. Close up, however, delegates noticed that he was wearing a thick layer of make-up.

His young wife Dimitra visited the shrine of St Spyridon, the patron saint of Corfu and the islanders' health. His mummified remains are carried around the town every three months, recalling a miraculous escape from the plague in the 17th century. Mrs Papandreou was seen to light a large candle to his memory.

□ □ □

There were unkind comments – and not just from the Greeks – that President Yeltsin had kept everyone up too late on Wednesday night. Dinner dragged on until 1am, while a cheerful Mr Yeltsin talked and drank toasts to the EU's economic pact with Russia. But he left most of his food untouched, causing consternation among the waiters at the Corfu Palace Hotel, who postponed removing his plate long after the other guests had finished each course.

Mr Yeltsin then bunked down aboard the Alexandros, a yacht belonging to Mr John Latsis, reputedly the wealthiest Greek shipowner of all, berthed in Corfu harbour and surrounded by a flotilla of Greek warships. Last week, Mr Latsis took former US President George Bush and his family for a cruise of the Greek islands on the Alexandros. This weekend, he is is rumoured to be discussing with Mr Yeltsin a multi-billion-dollar deal for shipping Russian oil to Greece through a pipeline to be constructed through Bulgaria.

□ □ □

One EU leader has the right sense of priorities. Mr Albert Reynolds, the Irish prime minister, arranged to leave yesterday's session of talks early and head for the press centre so he could watch Ireland's World Cup soccer game against Mexico on television. Greek state television, broadcasting the match, arranged a special hook-up with RTE, its Irish counterpart, so Mr Reynolds could listen to an Irish rather than a Greek commentary.

□ □ □

However, Mr John Major, UK prime minister, turned down an offer to play in a Saturday cricket match on Corfu between two local clubs. His advisers were quoted as saying it would be "too frivolous". Cricket, a leftover from a period of British rule in the Ionian islands, flourishes on a pitch just outside the palace where the summit is being held.

Mr Major, who played a stylish cover drive before injury in a car accident, will probably regret his decision. He may have to spend much of the afternoon waiting his turn in the queue to leave the island. Because Corfu airport is too small to accommodate all the EU leaders' flights, most of them are parked at a Nato airbase on the Greek mainland. Bickering among member states over the order of departure is causing headaches for the Greek Defence Ministry.

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Germany and UK press for free markets

By Lionel Barber in Corfu

Germany yesterday joined forces with the UK to press the case for deregulation and flexible labour markets in the European Union.

The UK-German alliance at the Corfu summit received measured suport from Mr Silvio Berlusconi, the new Italian prime minister.

Mr Berlusconi called for less law-making from Brussels, though he told Mr John Major, Britain's prime minister, at a breakfast meeting, that he did not support Britain's opt-out of the social chapter of the Maastricht treaty.

EU leaders – joined by their finance ministers – discussed the European economy in their afternoon session against the background of an incipient recovery but no sign of a halt to the rise in unemployment.

Top items were the European Commission's White Paper on employment, growth and competitiveness, including progress on starting major infrastructure projects known trans-European networks, as well as a report on the "new information society" in Europe.

Leaders also discussed tha Commission's recommandations on macro-economic guidelines, the framework for the 12 members of the Union to move toward a single European currency, to be joined by Austria, Finland, Sweden, and Norway if they enter the Uulon as planned next year.

Mr Kenneth Clarke, UK chancellor of the exchequer, praised the macro-economic guidelines, which call for wage restraint, budgetary discipline, and structural reforms of the labour markets to create new jobs and lift burdens on small business.

Mr Clarke supported Germany's request for the establishment of an independent gronp of businessmen and civil servants to examine whether EU and national legislation is imposing unnecessary red tape on companies.

Separately, the UK Chancellor made a pitch for faster liberalisation of the European telecommunications industry.

Mr Jacques Delors, president of the Commission, avoided a re-run of last December's clash with finance ministers over funding of the trans-European networks.

He failed then in his bid to win support for greater European Commission borrowing to fund the multi-billion rail and road projects.

However, Mr Delors called for a "firm commitment" to start work on 19 "priority" infrastructure projects.

Thesa includa 11 transport projects such the Channel tunnel link in tha UK; a high-speed rail and road link through the Brenner pass linking Italy, Austria and Germany; and an eastern EU high-speed train between Paris and Strasbourg, plus a link joining Munich, Leipzig and Berlin.

In addition, there are eight multi-billion Ecus energy projects including an underwater cable link between eastern and western Denmark; an underwater alectricity cable between Italy and Greece; and a natural gas line between Spain and Portugal, with energy supplied from Algeria.

Aides to Mr Delors said the Commission president was most anxious to start work on the trans-European networks. If the so-called "financing gap" materialised, then the Commission would be in a strong position to lobby for extra borrowing powers.

British officials called for an in-depth analysis of the 19 projects.

There was no obvious shortage of capital for the networks, given the lead role of the European Investment Bank, private capital and the newly established European Investment Fund.

"If there are obstacles, they are of an administrative, legislative or planning nature," said one UK official.

Kohl surges ahead of German election rival

By Quentin Peel in Bonn

Chancellor Helmut Kohl's Christian Democratic Union (CDU) has moved four points clear of its election rival, Mr Rudolf Scharping's Social Democratic Party (SPD), in the latest German opinion poll, for the first time in three years.

The two percentage point gain for the CDU and its Bavarian sister party, the Christian Social Union (CSU), comes just four months before the general election in October, and confirms the trend in the recent European elections.

At the same time, two polls showed a growing lead for Mr Kohl in the personal popularity stakes, reversing the consistent trend of recent months.

However, the latest forecasts do not show any clear majority for either a left-wing or right-wing coalition in the general election, dua on October 16, leaving the final outcome still very much in doubt.

The results of the Politbarometer poll, published last night by ZDF television, give Mr Kohl's CDU/CSU 40 per cent support if there were national elections tomorrow, compared with 36 per cent – down three points – for the SPD.

The very sharp reversal undoubtedly reflects voters' perceptions after the European poll on June 12, but does not include any response to this week's SPD party conference, which could see some recovery in the party's fortunes.

However, it augurs badly for the SPD's hopes of winning the most seats in tomorrow's election in the eastern state of Saxony-Anhalt, where the party hopes to win power from the CDU.

As far as personal popularity is concerned, both Politbarometer, and a separate poll by the Forsa institute in the weekly newspaper, Die Woche, put Mr Kohl well in front of Mr Scharping. The former gives the chancellor 48 per cent support, compared to 41 per cent for his challenger, reversing the 40:51 per cent position in May.

Die Woche's poll gives Mr Kohl 42 per cent and Mr Scharping only 26 per cent, in responsa to the question: "Whom would you elect directly as chancellor?"

Party loses footing, Page 9

The new Airbus 300-600 cargo aircraft, the biggest of its kind in the world and known as the Super-Goupil, emerges from its hangar at Toulouse in France. It is doe to fly in September Picture AP

Exports pick up as inflation fall continues

By Christopher Parkes in Frankfurt

West German inflation is continuing its slow decline as industrial output and exports pick up speed, according to official figures published yesterday.

Consumer prices in the most populous state, North Rhine-Westphalia, rose at an annual rate of 2.8 per cent in the month to mid-June, compared with 2.9 per cent in May. The month-on-month rate of 0.2 per cent has been unchanged since June.

Similar trends were also reported in Baden-Württemberg and Hesse, with year-on-year increases of 3.1 per cent and with monthly rises of 0.3 per cent and 0.2 per cent respectively.

The sluggish trend is widely expected to remain broadly unchanged until September or October, when the annual inflation rate is expected to dip towards 2.5 per cent.

Economists said yesterday's preliminary figures supported their forecast of an overall annual rate for June of 2.9 per cent, compared with 3 per cent in May.

Meanwhile, the antomotive and steel industries reported rising output and federal statistics office figures showed visible exports continuing to rise strongly.

The VDA vehicle makers' group said May passenger car production was 15 per cent higher than a year earlier and exports were up 13 per cent. Adjusted for the extra working day this year, the increases were 9 per cent and 7 per cent.

New car orders in May were also higher than in 1993, while demand for commercial vehicles was starting to recover, the VDA said. Production of trucks up to six tonnes during the month was 9 per cent higher than a year earlier, although output for the first five months was still down 1 per cent.

The improvaments were reflected in an 18 per cent increase in rolled steel production during the month.

Although pan-German total visible exports and imports fell 9.4 per cent and 10.5 per cent respectively during April, the statistics office noted there were four fewer working days than in March.

On an annual comparison, exports rose 8.6 per cent and imports were 1.2 per cent lower.

The trade balance surplus of DM6bn (£2.43bn), unchanged on the month, was well up on the DM1.2bn recorded in April, 1993.

Imports are expected to remain weak as domestic demand remains constrained by lower disposable incomes but foreign orders for German goods ara still increasing sharply.

Minister quits in Portugal

By Jimmy Burns in London, Peter Wise in Lisbon and Emma Tucker in Brussels

Portugal's junior minister for employment and training, Mr António Pinto Cardoso, has resigned after the attorney-general's office began an investigation into allegations of his involvement in the suspected misuse of European Social Fund money.

The minister's resignation is an embarrasment for the centre-right government of Mr Anibal Cavaco Silva, which prides itself on a reasonably honest record in using EU funds. It will also fuel controversy over alleged corruption in the nse of social fund money.

Mr Pinto Cardoso said in a statement that be had not been accused of any wrong-doing but was resigning to protect the good name of the government and to help investigators discover the truth.

A Portuguese newspaper said yesterday officials were investigating a Es126m (£504,000) subsidy awarded by the employment ministry for the launch of a magazine publicising ESF-funded training courses. The report alleged that the subsidy was made from Portuguese government and ESF funds, with Mr Pinto Cardoso's knowledge but without approval by the European Commission.

Tbe attorney-general, Mr José Cunha Rodrigues, and the bead of Portugal's judiciary police, Mr Mário Mendes, on Thursday briefed a parliamentary commission on the progress of investigations into several cases of alleged misuse of ESF funds.

Mr Cunha Rodrigues said afterwards that he expected several important cases to come to court by the end of 1994. Officials are investigating more than 400 cases of alleged misuse of ESF funds. So far, only 21 have reacbed the courts. Investigators complain of a lack of resources.

Controversy over spending of ESF funds for training has been simmering for several years. Allegations of misuse of funds were the subject of an inconclusive parliamentary inquiry in Portugal last year.

The European Commission said yesterday it had not given its agreement to finance the project in question and had not transfered the money to the Portuguese authorities. "We will investigate further," said a commission spokeswoman.

Deadline for labour in Italy

The oew Italiao government yesterday set ooions a deadline to agree on labour market reforms which woold make it easier to bire and fire people, Reuter reports from Rome.

Mr Pietro Larizza, bead of the UIL, one of the country's three national unioo confederations said Mr Clemente Mastella, labour minister, told tbem tbat tbe government would put legislation to parliament by tbe end of next mooth, with or without their consent.

Mr Silvio Berlusconi, tbe prime minister, wbo promised on taking office last month to create 1m jobs in the next two years, wants to make it easier for employers to take on temporary and part-time workers. Companies would also be able to offer rates of pay below unlon mlnimnms to young employees and the long-term unemployed.

However, unlons fear that the new rules could let unscrupnlous companles replace existing workers with lower-paid labour.

Unemployment is running at about 11.5 per cent of Italy's 22m workforce, and union power bas been diminished since the 1980s.

Power and coal sales postponed

By Judy Dempsey in Berlin

The Treuhand privatisation agency yesterday postponed completing ona of its most ambitious sales of eastern Germany's electricity network and of the last of the large brown coal, or lignite, fields.

Following a Treuhand board meeting, the agency said the planned sale of Veag, east Germany'a electricity network, and Laubag, the giant lignite fields, might be completed "next week."

The Treuhand did not explain the delay.

Veag is to be sold to e west German utility consortium led by RWE Energie. Laubag, which will supply Veag with its brown coal, will be acquired by a consortium led by Rheinbraun, the 100 per cent brown coal subsidiary of RWE.

The delay in completing the deal, despite pressure from Chancellor Helmut Kohl, is thought to arise from the buyers' anxiety about prospects for energy consumption in eastern Germany.

The two consortiums are increasingly concerned about a shift by east German domestic and industrial customers to gas, and about the pressure on electricity to compete with gas prices. For the moment, gas prices are significantly lower than electricity prices.

These factors have repeatedly affected the complex privatisation negotiations for Veag and Laubag because their sales are tied to a comprehensive investment programme of DM41bn (£18.6bn) over 10 years.

But any return on those investments depends on a stable customer base.

Part of the investment timetable entails the construction of two 800MW power stations at Lippendorf in the eastern state of Saxony-Anhalt.

Energy analysts yesterday suggested, however, that part of the investment programme might be cancelled, which would reduce brown coal sales to Veag and thus affect the sale price of Veag.

Russian budget given go-ahead

By John Lloyd in Moscow

The Russian budget for 1994 passed both houses of parliament yesterday - with leading members of parliament openly derisive of its feasibility and government officials admitting revenua was dropping and would drop further.

Deputies in both houses appear to have agreed to pass tha budget to give the government a legislative basa for spending - and to avoid being bogged down in exhaustive debates on tbe 500 amendments proposed. Mr Nikolai Gonchar, chairman of the budget committee in the upper house, said the budget's targets could not be met but some budget was better than none.

Mr Yegor Gaidar, leader of the main liberal party, Russia's Choice, told the Interfax news agency that the spending and revenne estimates were "totally unrealistic" - though his faction voted it through.

Mr Sergei Aleksashenko, deputy finance minister, said tax revenue was more than Rbs8,000bn (£2.8bn) down in the first part of the year and would drop further in the second - though other estimates put the shortfall much higher.

Military expenditure, the focus of the biggest struggle for increases, has been set at Rbs40,000bn – np by Rbs2,500bn from the original figure bnt well below the Rbs55,000bn the military say is essential to maintain basic effectiveness.

Figures prodoced by the government ebow that the Rbs40,000bn would include Rbs22,100bn for basic military financing, Rbs8,500bn for arms purchases, Rbs4,800bn for capital construction, Rbs2,500bn for scientific research and testing, and Rbs1,900bn for pensions.

● Anti-corruption crusader Alexander Lukashenko scored an upset victory over tha prime minister in the first round of presidential elections in Belarus, sending shock waves through the former Soviet republic, Reuter reports from Minsk.

Unofficial returns gave 45.1 per cent of Thursday's vote to Mr Lukashenko, who drew big crowds with speeches pledging to drive bribe-takers from office. Fifty per cent was needed for first-round victory.

Prime Minister Vyacheslav Kebich, who focused his campaign on a monetary union with Russia, was in second place with 17.4 per cent. The two leaders face a run-off poll in two weeks.

Beijing and London near HK airport accord

By Simon Holberton in Hong Kong

An extraordinary week of Sino-British negotiations over Hong Kong's future was capped yesterday when leaders of the British and Chinese teams instructed subordinates to prepare a draft agreement on the financing of the colony's multi-billion dollar airport.

The UK and China have been arguing about how to finance the HK$158bn (£13.3bn) project for the past two years. Yesterday's comments amounted to the most positive sign to date that an agreement is in the offing.

The intensive negotiations come ahead of the Hong Kong's Legislative Council's vote next Wednesday on Governor Chris Patten's democracy legislation.

Mr Hugh Davies, Britain's senior representative to the Joint Liaison Group (JLG), which oversees the transfer of sovereignty, said he hoped an agreement could be reached by Thursday or earlier. On Friday the Hong Kong government plans to ask the Legislative Council (LegCo) for HK$15bn to start work on construction of the airport terminal and runway.

Mr Guo Fengmin, his Chinese counterpart, said the two had decided to entrust to experts the writing of "a draft agreement of the important points for representatives of the two sides to sign, making an agreement between the two sides."

There was optimism in the UK camp that the two would reach an agreement. "I think we will get there in the end," an official said, "but we have gone into drafting and this takes time." The UK wants as detailed e statement as possible, while China prefers to keep it general, and officials concede that that provides plenty of room for cavilling. In particular, the UK wants e deal which bankers will lend against and this will require "clear evidence of China's support" for the project.

The airport and its connecting railway will cost about HK$83bn, HK$23bn of which has to be borrowed in international markets.

To satisfy China's concerns the agreement is also likely to contain e limitation on the aggregate borrowings of the corporations building the airport and its railway as well as enhanced oversight of the project's cost effectiveness.

No one is sure how long the drafting of the egreement will take although some officials suggested it could take longer than usual.

Drafting of the airport agreement is proceeding in parallel with attempts to bridge the gap dividing the UK and China on the issue of military land in Hong Kong. In a surprise move on Thursday the JLG was suspended to allow experts to thrash out details of an agreement.

The UK has already conceded that the People's Liberation Army will be stationed in Hong Kong's business district and has agreed to build the Chinese navy e new port on Stonecutters Island in Victoria harbour.

The Hong Kong government will pay for work – estimated at HK$3.5bn – done on these facilities before 1997. But because the UK is unable to guarantee that LegCo will approve this sum China has asked London to indemnify the work.

Japanese trade surplus 'key to currency flux'

By Gerard Baker in Tokyo

Economic fundamentals are the most important factor for exchange rate levels and will have to be addressed if the rise in the yen is to be halted, Mr Yasushi Mieno, governor of the Bank of Japan, said yesterday.

Market intervention alone could not guide exchange rates to desired levels, he added.

At e speech at the Netional Press Club, Mr Mieno said Japan's buge trade surplus often surfaced as e key factor behind the yen's rise and measures to correct it were "the most important" in dealing with currency problems.

Confusion over his remarks sent the dollar tumbling towards the Y100 level early yesterday in Tokyo before European and US markets opened. The governor's remarks were interpreted by currency traders as casting doubt on the effectiveness of central bank intervention to halt tbe yen's rise, and an edmission that the bank's ection to support the dollar had failed.

Later, bowever, e Bank of Japan official said the markets had misinterpreted the governor's remarks. Mr Mieno had said intervention was effective in stemming the dollar's fall but it could not guide currencies to precise levels.

In his speech, the governor said there were some benefits from the rising yen – it would belp promote industrial restructuring as companies were confronted by the need to become more internationally competitive.

He again expressed optimism about prospects for economic recovery, citing recent sharp increases in exports and personal spending. Bnt he warned that corporate investment would remain sluggisb as companies continued to adjust to over-accumulation of capital in the late 1980s.

N-fuel scheme faces cuts

By Emiko Terazono in Tokyo

The Japanese government is likely to cut back its ambitious nuclear fuel programme following an edvisory panel's call yesterday for a delay in projects involving plutonium.

Their report, which is a basis for the government'a long-term nuclear energy policy, follows growing domestic and international concern over Japan's surplus of plutonium, a highly toxic fuel that can be used for nuclear weapons.

Japan's nuclear recycling programme was adopted in the 1950s when plutonium was regarded as a "dream fuel".

The country's first prototype fast-breeder, named Monju and based on the west coast, began e self-sustaining reaction last month, using plntonium produced et processing plants in Britain and France. Japan's first reprocessing plant, in northern Japan, is due to start operating at the end of the decade.

Until recently Japan has resisted calls from domestic and international environmental groups for curbs on its programme. However, mounting accusations tbat Japan intended to build nuclear weapons increased government anxiety.

While the report calls only for a delay in various projects linked to plutonium use, and not cancellation, it is a severe blow to the country's nuclear lobby.

The report proposes:

- Postponement of the decision to build a second nuclear fuel reprocessing plant until the year 2010, instead of launching the plant that year;
- Moving back the target date for wben plutonium fast breeders will be put to commercial use by 10 years to 2030;
- Postponement of construction of the first demonstration fast breeder reactor to early next century;
- Delay to plans to construct more than 20 light-water reactors by 2010 by about 20 years.

A young boy salutes (above) as be stands beside a UN soldier overseeing the unloading of food aid in the Rwandan capital Kigali, which rebels yesterday attacked, Reuter reports from Kigali. Their mortars hit the Red Cross hospital and public market, causing dozens of casualties.

Meanwhile, in government-held western Rwanda, French troops on a peacekeeping mission reached the north-western town of Gisenyi after several reconnaissance missions around the town of Cyangugu in the south-west.

A first unit, entering from Bukavu in eastern Zaire, spent the night outside the refugee camp of Nyarushishi near Cyangugu, checking conditions of the estimated 8,000 Tutsi refugees sheltering in fear of massacre at the hands of Hutu militiamen.

The first mission to an area where Tutsi refugees are in e majority was apparently intended to show that France's Operation Turquoise would be impartial despite past support for the Hutu government.

The commander of the operation, Brigadier Jean-Clande Lafourcade, told reporters as he left Paris for Zaire he was determined to use force if necessary to protect refugees from massacres which have claimed half a million victims since April. "My mandate allows me to use force to protect civilians and I shall use it," he said.

He expected his opponents to be disorganised gangs hunting refugees and not the Tutsi-led Rwanda Patriotic Front (RPF). The rebels have threatened to oppose the controversial United Nations-backed operation, fearing that France would use it to back the Hutu-led government.

Paris, which launched the operation single-handedly because of lukewarm international backing, has been at pains to make clear it will not take sides in the civil war.

In Geneva, the United Nations High Commissioner for Refugees backed the French intervention and said it was bracing for a fresh exodus of up to 500,000 people.

California to vote on illegal immigrants

By Jeremy Kahn in Washington

Illegal immigrants in California will be denied public education, healthcare and other social programmes if the state passes an initiative which won enough signatures this week to be placed on the ballot in November.

The vote could serve as a bellwether in other states, such as Florida and New York, which also have a large number of illegal aliens.

California state officials confirmed that backers of the proposal – dubbed the "Save Our State" initiative – collected the more than 600,000 signatures necessary to put the issue to a state-wide vote this autumn.

The vote is shaping up to be a divisive political issue. Mr Pete Wilson, California'e incumbent Republican governor, running for re-election but behind in the polls, endorsed the initiative last week.

Mr Wilson's Democrat opponent, Ms Kathleen Brown, opposes the proposal, as do a number of prominent civil rights and Latino groups.

These critics have labelled the initiative discriminatory and racist as it primarily targets Hispanic and Asian minorities. They have promised to challenge the proposal on constitutional grounds if it passes.

Backers count among their ranks several current and former immigration officials, including Mr Alan Nelson, who ran the US Immigration and Naturalisation Service under the Reagan administration.

Proponents say California's public education, housing, health and social programmes are already stretched as illegal aliens are entering the state at a rate of 2,000 a week. The initiative would ease pressure on California's budget.

It would also require police, teachers and healthcare workers to report suspected illegal immigrants to federal authorities.

Go-ahead likely for European atom-smasher

By Clive Cookson, Science Editor

Europe is on the brink of building the world'a most powerful atom-smasher.

The council of Cern, the European particle physics laboratory near Geneva, yesterday voiced strong support for going ahead with the Large Hadron Collider, which will hurl atomic nuclei together at close to the speed of light. The LHC will recreate the conditions existing a millionth of a millionth of a second after the Big Bang that created our universe.

Two of the 19 Cern members, the UK and Germany, blocked the final go-ahead as they were not satisfied with the financial arrangements for the SFr2.6bn (£1.2bn) project. They want France and Switzerland – the countries that would derive most economic benefit from Cern, as host states – to provide extra funds.

But council delegetes expressed confidence that the budgetary issues could be settled quickly and the LHC finally approved later this summer.

Mr Hubert Curien, Cern's chairman, said the French and Swiss governments had given "very encouraging" signs that they would increase their support.

Cern members also expect non-European countries – notably the US, Japan, Russia, Canada and India – to make snbstantial contributions, in return for their scientists working on LHC experiments.

After the cancellation last October of the planned $11bn (£7.2bn) US Superconducting Super Collider (SSC) in Texas, Cern has emerged as the undisputed global centre for high-energy physics.

Ms Hazel O'Leary, US energy secretary, is expected to propose measures to Congress early next month for mitigating the effects of the SSC cancellation on US physicists, through increased international collaboration.

Cern officials believe that the US could contribute several hundred million dollars to the LHC.

There are two reasons why the LHC would be much cheaper than the SSC. First, it will be squeezed into an existing tunnel – a ring 27km in diameter beneath the Jura foothills – that was built in tha 1980s for Cern's current accelerator, LEP. A new 87km tunnel was being dug for the SSC.

Second, the LHC will be less powerful than the SSC would have been.

However, it will pack several times more energy into its collisions than LEP or the atom-smashers currently operating in the US – enough, scientists say, to discover several fundamental facts about the forces and particles that determine the nature of the universe.

The LHC's most important single job will be to provide evidence to clear up the mystery of mass – what gives fundamental particles their mass and why some weigh so much more than others.

Venezuelans warned of economic controls

The Venezuelan government is close to adopting "harsber measures" to deal with critical economic, financial and monetary problems, Mr Julio Sosa, minister of finance, told congressmen, writes Josepb Mann in Caracas.

Mr Sosa, the leading economic policymaker in the administration of President Rafael Caldera, did not specify what these measures would be but he indicated the administration could declare e "state of economic emergency". This would give the executive branch the power to dictate extraordinary economic and financial measures to confront an economic crisis.

Many Venezuelans, alarmed by e deteriorating economy, expect the government to take steps soon to impose price controls on basic consumer goods.

NEWS IN BRIEF

Mexico banker's ransom agreed

The lawyer of Mr Alfredo Harp Helú, the kidnapped Mexican financier, said on television that his ransom would be paid, paving the way for the release of one of the country'a wealthiest men, writes Damian Fraser in Mexico City.

Mr Harp, the joint head of Banamex-Accival, the country's largest bank, was seized in March. His kidnapping has been given enormous publicity, with his abductors sending the press a series of emotional letters from the financier to his family and partners in which he pleaded for his life. The lawyer made the statement on Mexico's main television news programme, accompanied by Mr Harp's son, and a representative of the Catholic church, as demanded by the kidnappers.

The kidnappers said in their latest communique that the ransom demand had been dropped to less than $30m (£19.7m). Mr Harp's lawyer agreed to pay an unspecified amount, and not to involve the police.

The kidnappers have promised to release Mr Harp three days after receiving the ransom.

Bond faces art-fraud charges

Mr Alan Bond, the bankrupt Australian businessman, has lost his application to delay the art fraud court case being brought against him, on grounds of ill-health. The case concerns four art fraud charges relating to the multi-million dollar acquisition and sale of La Promenade, a French Impressionist painting, while Mr Bond was a director of Bond Corporation in the 1980s, writes Nikki Tait in Sydney.

Mr Bond's lawyers, who had asked for a six-month adjournment, claimed that Mr Bond was suffering from depression and brain damage following open-heart surgery, and was not well enough to instruct solicitors. But Mr Ivan Brown, a Perth-based magistrate, said yesterday that Mr Bond had chosen to spend his time conducting business transactions, rather than preparing for the fraud proceedings, and ruled that the case should proceed as planned on July 18.

Cash pledge for Aral Sea

International donors yesterday pledged $31.4m (£20.6m) to study ways to stop the Aral Sea in central Asia drying up. It used to be the world's largest fresh water lake before shrinking over the past 30 years to half its original size of 690,000 sq km, David Buchan reports from Paris.

The money is to fund feasibility studies for a larger $220m investment programme, designed to try to restore the flow of river water into the lake and to counter environmental damage by stemming the blowing of toxic salts from the exposed seabed on to surrounding towns and cropland.

The cash pledges were made at a meeting in Paris yesterday, chaired by the World Bank, of various governments and international organisations.

Fiji to review constitution

Fiji is to set up a joint select committee to help review the country's racially-biased constitution, writes Nikki Tait.

The constitution, introduced in 1990 after two military coups by Mr Sitiveni Rabuka, now Fiji'a prime minister, ensures that indigenous Fijians have a majority in parliament at the expense of the large Indian population.

The government has promised to set up a commission to review the constitution by 1997. However, Mr Rabuka's commitment to the process has come into question recently, after the prime minister warned that another coup could take place if Fijians continued to feel disadvantaged. His remarks prompted Indian political leaders to boycott parliament for several days.

The move on e joint select committee, announced yesterday, appears to be an effort to allay these fears. One of its tasks will be to advise Fiji's cabinet on the size and membership of the constitutional commission itself.

Hanson writes to Major on dividends

By Roland Rudd

Lord Hanson, chairman of the Anglo-US conglomerate Hanson, has urged the prime minister in a letter to keep a firm hand on the Treasury's review of dividend taxation. Hanson donated £100,000 to the Conservative party in its last financial year, which ended in September 1993.

He expresses relief in the letter thet Mr John Major appears to be taking charge of the study into savings and investment. Lord Hanson recently accused Mr Stephen Dorrell, Treasury financial secretary, in a letter of "sounding like a socialist" in questioning the wisdom of high dividends. He insisted that the issue of dividends was one for shareholders and their companies alone, and not the government.

Lord Hanson's latest letter has irritated some ministers who support the Treasury's review of savings. "In urging the prime minister, as First Lord of the Treasury, to take charge of the review, Lord Hanson is interfering in government policy," a minister said. "The Treasury has a good point over dividends and the prime minister will not be put off by Lord Hanson."

Lord Hanson has been encouraged by Mr Major's recent interview in The Daily Telegraph in which be said there was no question of dividend control from a Conservative government. "Dividend control is socialism," the prime minister said. "I'm a Tory; dividend control is a non-starter."

Mr Major appeared to restrict the Treasury's room for manoeuvre by dismissing the argument that high dividends prevent capital investment.

Hanson, which is one of the Conservative party's biggest company contributors and has donated more than £800,000 since the Tories came to power in 1979, said it was only being supportive of the prime minister.

Mr Christopher Collins, a director of Hanson, said: "Having seen the prime minister's interview, Lord Hanson wrote a private and friendly letter to say how pleased he was with the line he took in the dividend issue."

The Treasury angered Lord Hanson by suggesting that UK dividend payouts, which have risen significantly during the past decade, may have become too high and inflexible.

Mr Dorrell said the Treasury decided to review savings and investment to see whether the rise in dividends had come about because of the tax structure set by the government. "After 15 years of deregulation, there's no question of us regulating dividends," Mr Dorrell said.

£667m current account deficit surprises City

By Philip Coggan, Economics Correspondent

The UK's current account deficit in the first quarter of this year was just £667m – its best performance for seven years, the Central Statistical Office said.

The main reason for the improvement was that the invisibles surplus rose sharply to £2.4bn, its highest level since the first quarter of 1986.

However, part of the improvement was due to a rise in net investment income, a statistic which is particularly volatile. The CSO said that net investment income in the first quarter amounted to £2.01bn, the highest ever figure, compared with £1.13bn in the previous three months.

In particular, the financial sector increased its overseas earnings while the UK earnings of foreign banks fell sharply.

There were also improvements in the other trade components. The deficit on visible trade fell slightly to £3.07bn, from £3.58bn in the fourth quarter of last year. The value of exports was 2.5 per cent higher than in the previous quarter, while imports rose by just 1 per cent.

The surplus on services increased to £1.63bn, from £1.47bn in the fourth quarter of last year. However, the UK continued to have a deficit on travel, which amounted to £353m in the first quarter.

Analysts welcomed the current account figures, which were much better than expected, but expressed caution about the quality of the data. "The likelihood must be that future revisions will be adverse," said Mr Ian Shepherdson, UK economist at Midland Global Markets. "Nevertheless, there is a huge cushion even if revisions are big."

According to the CSO, the UK's balance sheet improved substantially over the quarter. Net external assets were £42.1bn at the end of March, compared with £22.7bn at the end of December 1993.

The figures also show that UK banks and financial institutions made substantial disposals of overseas securities in the first quarter, perhaps in response to the falls in world bond and equity markets.

Banks, having bought £12.7bn of overseas securities in the fourth quarter of last year, sold £2.7bn in this year's first quarter. Other financial institutions sold £30.36bn of overseas securities in the first quarter, compared with net purchases of £26.66bn in the last three months of 1993.

Meanwhile, overseas residents continued to buy gilts and UK shares, to the tune of £13.36bn in the first quarter, compared with £11.32bn in the final three months of 1993.

Ministers demand early reshuffle

By Kevin Brown and David Owen

The prime minister faces growing pressure from senior ministers to bring his planned cabinet reshuffle forward to next week.

Mr Major is believed to favour postponing the reshuffle until mid-July to minimise the scope for Commons statements by dismissed ministers before the House rises for the summer recess.

However, ministers say that departmental decisionmaking has been virtually paralysed by uncertainty about the scope and extent of the reshuffle since Mr Major disclosed his intentions at a Downing Street press conference two weeks ago. As reshuffle fever spread at Westminster, MPs pointed to the careful wording of Mr Major's comments – which explicitly ruled out only the following two weeks – as evidence of an impending announcement.

Downing Street officials added to the growing expectations by refusing to rule out e reshuffle next week. However, e senior official was careful to keep open the option of e later date.

There was renewed speculation that Mr Michael Heseltine, the trade and industry secretary, will replace Sir Norman Fowler as Conservative party chairman. Mr Heseltine has made clear that he wants to remain at the trade and industry department, which he believes has suffered from too many changes of senior ministers.

However, he attended a secret meeting of the rightwing No Turning Back group on Thursday at which he is believed to have been pressed to accept the chairmanship in the party interest.

Such an appointment would be popular with rank-and-file MPs, who believe that Mr Heseltine is one of the few cabinet ministers with the political skills to dent the image of Mr Tony Blair, the likely winner of Labour's leadership election.

The government's fear of Mr Blair was underlined by a concerted attack on the shadow home secretary by a raft of cabinet ministers including Mr David Hunt, employment secretary, and Mr John Redwood, Welsh secretary.

Mr Redwood, in an acidic statement distributed at Westminster, said Mr Blair was a "snappy dresser" whose personal manifesto issued on Thursday mixed "the bland and the obvious with the ambiguous".

Edinburgh's Festival Theatre, which opens today with a gala performance after nearly 50 years of campaigning for an opera house in the city *Photograph: The Scotsman*

Opera house sounds note of change

A number of building developments are about to boost Edinburgh's economy, James Buxton writes

When the curtain rises this afternoon on a gala performance of *Tristan und Isolde* at the new Festival Theatre in Edinburgh, the event will have more than theatrical significance.

Nearly half a century after people first began to campaign for it, Edinburgh has finally created an opera house. But its opening is only the most spectacular of a number of developments which will strengthen the city's economy and demonstrate that it has finally shaken off the complacency and self-deprecation that previously obstructed progress.

"There's been e huge change of mood," says Mr David Nicolson, president of the city's chamber of commerce and local managing partner of KPMG Peat Marwick, the accountants. "I've lived here all my life, and what's happening is dramatic."

As well as the new theatre, Edinburgh will next year finish e long-postponed project to build e £30m conference centre that will seat 1,200 people. This summer e £37m scheme to rebuild and expand Murrayfield rugby stadium will be concluded, largely financed by debentures sold to rugby supporters.

Much of the financial community has moved or is moving into larger new office buildings, filling long-standing gap sites near the city centre – but unfortunately leaving the Georgian Charlotte Square half empty. Some are moving from the centre to the city's western fringe, and much of the Scottish Office is moving to former dockland in Leith.

The change in attitude began cautiously in the mid-1980s, with a crucial role being played by Edinburgh District Council, which came under the control of a group of Labour party pragmatists.

It reversed past opposition to fostering the financial sector, Edinburgh's biggest employer, began issuing planning consents more freely and organised schemes to develop its own considerable land holdings in the city.

Mr Nicolson believes a pivotal role in speeding the city's development has been played by Lothian and Edinburgh Enterprise (LEEL), the local enterprise company formed in 1991 after the break-up of the Scottish Development Agency.

LEEL marshalled the energies of Edinburgh district and Lothian regional councils and applied funds from its substantial budget to push through the difficult projects. "The most important thing was that LEEL decided that the Festival Theatre and the conference centre were going to happen," says Mr Nicolson. "For years people had always found reasons for not doing them."

LEEL has led the Festival Theatre project, encouraging the district council to purchase the defunct Empire Theatre. This has been converted, at a cost of £22m, into a modern opera house that would have cost £50m to build from scratch and has a stage bigger than Covent Garden's in London.

Other money came from LEEL, public-sector bodies including Lothian region and the Scottish Tourist Board, while the private sector has raised £4m.

Will the theatre succeed, and has Edinburgh really changed? Lord Younger, former defence secretary and chairman of the Festival Theatre Trust, betrays a slight anxiety when he says: "I'll be fully convinced only when I see Edinburgh people turning out for a performance on a cold mid-week February night."

Another £2m is needed from private-sector businesses and individual donors – the latter have already contributed more than £700,000. "The list of donors is impressive," says Mr Nicolson, "but if you examine it closely you will see gaps."

While leading Edinburgh businesses such as Royal Bank of Scotland, Bank of Scotland and United Distillers are large contributors, only three of the five Edinburgh-based lifs assurance companies feature in the list. "I can't understand why some companies are not more supportive when they see the benefits these projects are bringing the city," says Mr Nicolson.

Rising incomes bolster savings

By Philip Coggan

Buoyant personal incomes allowed consumers to continue spending in the first quarter of this year without reducing their savings, the Central Statistical Office said yesterday.

At the start of the year many economists thought that because of tax rises the recovery would only be sustained if consumers cut their savings in order to finance spending.

However, the savings ratio – savings as a proportion of total personal disposable income – rose slightly to 10.4 per cent in the first quarter, from a revised 10.3 per cent in the fourth quarter of last year.

Income from employment rose by 2.1 per cent over the quarter, helped by bonuses and overtime payments which have been visible in the average earnings figures. After deducting taxes, the result was that total personal disposable income was 1.5 per cent higher than in the previous quarter. That allowed consumer expenditure to rise 1.4 per cent over the quarter.

Overall, gross domestic product rose by 0.7 per cent over the quarter (or 0.6 per cent if oil and gas are excluded), confirming earlier estimates. However, first-quarter GDP is now estimated to be 2.9 per cent higher than in the first three months of last year, compared with the 2.6 per cent published.

The change is due to revisions in the 1993 data, which show that growth was slightly faster in the second half of the year than was previously thought.

Corporate finances were healthy over the quarter. The financial surplus of industrial and commercial companies, at £4.29bn, was the highest ever recorded. Gross trading profits, before deducting stock appreciation, were 2.5 per cent higher over the quarter and 15.4 per cent higher than in the same period of 1993.

Fixed investment rose by 2.1 per cent over the quarter and was 3.2 per cent higher than in the first quarter of last year. However, this investment was concentrated in the sector of industry consisting largely of government bodies and banks. Investment fell in manufacturing, mining and quarrying and in the electricity, gas and water industries.

The value of stocks and work in progress fell by £469m in the first quarter, having risen by £157m in the fourth quarter of last year. Stocks rose in the manufacturing and wholesale sectors but fell in other areas, such as retailing.

The implied GDP deflator, a measure of inflation compiled by averaging the prices of the goods and services which make up GDP, rose 0.8 per cent in the first quarter, compared with an earlier estimate of 0.6 per cent. The deflator was 3.3 per cent higher than in the first three months of 1993.

The improvement in the trade balance added about 0.4 per cent to first quarter GDP, although this was offset by the effect of destocking.

Sale paves way for out-of-town retail site

By Vanessa Houlder, Property Correspondent

Bluewater Park, a 1.625m sq ft shopping and leisure development at Dartford in Kent, is set to proceed as a result of the sale of the development site to Lend Lease, an Australian property company.

The scheme, which is expected to carry a value of £500m-£600m on completion, is likely to bs the last of the giant regional shopping schemes to be built following the government's crackdown on planning permission for out-of-town developments. The conditional sale of the sits by Blue Circle Industries to Lend Lease ends years of speculation about the project's viability. Work is expected to begin later this year or early in 1995.

Lend Lease, which operates 80 shopping centres in the US and Australia and has £6bn of funds under management, is confident it can put together a consortium of investors to fund the scheme's £300m construction costs. The Prudential, the life assurer, said yesterday that it was "seriously considering" investing about £100m in the scheme.

Bluewater Park will be in head-on competition with one of the UK's largest existing shopping centres at Thurrock, Lakeside, just 10 miles away, which is owned by Capital Shopping Centres. The scheme's promoters say that the river Thames, which runs between the two, will act as a natural divide. Moreover, they believe that demand, thought to embrace 6.5m people within 45 minutes drive time, is enough for both centres.

The government's decision to restrict out-of-town developments in order to protect town centres has made it easier for the Bluewater scheme to attract investors because the policy is likely to add value to schemes that have already won planning permission.

The decision by Blue Circle to sell its 230-acre site for £50m marks a decision that property is not part of its core business. The company, which has 20,000 acres of land surplus to its needs, will make a pre-tax profit of somewhere between £24m and £89m from the development over several years.

Local planning authorities in England received 123,000 applications for planning permission and other related consents in the first quarter of this year, 5 per cent more than for the corresponding period in 1993. It is the third successive quarterly increase in planning applications, government figures show.

There were small quarter-on-quarter increases in applications in all regions except the north-west, where there was a 5 per cent fall. The largest increase – 10 per cent – was in Greater London.

Fund for job-loss claims rejected

By John Authers

The government yesterday told local authorities it would not set up a compensation scheme for former council employees who lost their jobs under contracting out.

The European Court of Justice ruled this month that these redundancies may have violated European Commission directives.

Councils fear a compensation bill of as much as £400m, with potentially high legal costs. They were outraged by the government decision.

The European Court said British employers had a statutory duty to consult employees when transferring them from one business to another – under 1975 and 1977 directives which had not been incorporated into British law.

It confirmed the right of former local authority employees who had been made redundant to sue for compensation, as the UK had not extended the Transfer of Undertakings (Protection of Employment) regulations – known as Tupe – to the public sector. Tupe dictates that existing workforces must be transferred on existing pay and conditions when a business is taken over.

Mr Tony Baldry, environment minister, said in a letter to Sir Jeremy Beecham, chairman of the Labour-controlled Association of Metropolitan Authorities: "There is no question of the government setting up e compensation scheme."

He said the only practical implication of the court's judgment related to the "narrow point" on staff consultation. He added: "It is, of course, open to anyone who believes that they have a case for compensation to pursue this through the legal processes, and indeed a number of writs have been served against the government."

Sir Jeremy, who had demanded that the government set up a compensation fund, said: "The government has consistently tried to undermine the impact of European legislation and is now trying to avoid its responsibility to the workers who have lost out."

EU agrees plan to aid Merseyside

By Ian Hamilton Fazey, Northern Correspondent

A five-point plan to regenerate Merseyside'e economy – including subsidised interest rates for small businesses – has been agreed between the UK and the European Union after months of controversy and negotiation.

The plan will be the basis for spending nearly £630m of EU funds resulting from Merseyside's Objective 1 status, which was grantsd last year. UK public-sector sources will match the sum. The combined £1.26bn is expected to attract more from the private sector.

Although details still have to be approved by the European Commission next month, the government yesterday published guidelines on the type of projects that might be funded, with deteils of how applications should bs made.

A plan for disbursing the money, with much going on training, was rejected by Brussels in April as vague. The new plan picks five main "drivers" of economic change. These are:

- In the big-company sector projects will relate to preparing and servicing sites for companies and inward investors. Infrastructure spending will also be provided.
- Small and medium-size enterprises will be encouraged to grow, with EU money helping to fund training, services and advice through training and enterprise councils and Business Links. There will be a Merseyside Special Investment Fund, set up by the clearing banks but with EU money used to subsidise interest rates for business loans.
- Knowledge-based industries will be encouraged, with special attention to technology transfer between Merseyside's two universities and industry. One idea is a graduate-retention programme with local industry, to keep more qualified people in the area.
- The arts, cultural and tourism sectors will be encouraged.
- Initiatives will concentrate on training and systematic development of human resources. Inner-city and social-problem areas, such as outer estates with high unemployment, will be targeted.

Limits on amount of compensation to investors were illegal

Ruling to benefit elderly

By Bethan Hutton

Elderly victims of poor financial advice which saddled them with enormous debts are entitled to more compensation, the Court of Appeal ruled yesterday.

The court ruled thet the Investors Compensetion Scheme was wrong in using its discretion to limit compensation to investors in bome income plans. It may have to pay an extra £20m in addition to the £22.5m compensation it has already paid to more than 1,800 investors.

The ICS is expected to appeal to the House of Lords. It said yesterday tbe ruling would force it to change from a low-cost, fast, informal compensation scheme to a lengthy and highly legalistic one, where legal precedents would have to be set for each new type of case and claimants might need legal representation.

"While today's group of investors will benefit, we think ultimately investors will suffer," said Mr David Creswell of the ICS.

Those affected by the eppeal ruling are unlikely to receive additional compensation until all legal channels have been exhausted.

Home income plans were widely sold during the housing boom of the late 1980s. They enabled householders, often elderly, to mortgage their homes and invest the proceeds in income bonds, which were supposed to pay the interest on the mortgage and provide an additional income. Some plans used roll-up mortgages, which added the interest to the total debt.

A combination of falling house prices, rising interest rates and declining investment returns left many investors, who had not been warned of the risks, with hnge debts and no means to pay the interest. Some have lost their homes.

Many of the financial advisers who sold the plans are no longer in business, so investors turned to the ICS for compensation.

Yesterday's ruling was on an appeal brought by lawyers Barnett Sampson, on behalf of two representative investors. It covered three main points:

● Whether the ICS had discretion to reduce compensation to what it considered fair.

● Whether the ICS could deduct from the compensation any money received from the plan and spent by the plaintiffs.

● Whether the ICS could lawfully limit compensation for solicitors' and accountants' fees to £500.

The Court of Appeal ruled against the ICS on all three points.

The judgment's wider implications are that it requires the ICS to take all relevant factors into account for each case, in the same way that e court would. The ICS would no longer have discretion to set a formula for compensation, or set limits other than its standard overall limit of £48,000.

Warning of split after win by Blair

By Kevin Brown, Political Correspondent

Labour faces an inevitable split if Mr Tony Blair, the party's leading moderniser, wins the leadership election, leftwing MPs warned yesterday.

Most leftwingers privately accept that Mr Blair, the shadow bome secretary, will win the election, in spite of deep misgivings about his modernising approach.

They said Mr Blair was unlikely to face problems from the left in the short-term because of the overwhelming support emerging for him on the centre and right of the party.

But influential members of the hard-left Campaign group said his "social democratic agenda" would lead to e "huge internal conflict" with the left and the unions in the first year of a Labour government.

"He will win because people will agree that he is the prettiest of the pack and that he can get Labour into Downing Street," one leading Campaign group member said.

"But once he is in office the people in the press who have created him will not he seen within a million miles of him, and he will be in really deep trouble.

"After a year of Labour government the public will he demanding something different, and they will measure the success of the government in terms of jobs and growth.

"If Mr Blair is still talking about community values and saying that we cannot have full employment because of Gatt or the European Union, people will turn on him and blow him apart."

More moderate leftwing members of the Tribune group said they were worried by the "fuzzy" personal manifesto for the leadership published by Mr Blair on Thursday.

They voiced concerns about his failure to set out a clear economic programme, his lack of support for public sector unions, and his statement that the market economy was "in the public interest".

Mr Peter Hain, MP for Neath, said there was "a very big questioo mark over our ability to win while appearing to be all things to all people".

Tribune, the leftwing newspaper, said Mr Blair's modernising policies appeared designed to "tinker at the sidelines" of the economy. It called for "bold" policies to transform Britain.

Ashley Ashwood

Victory fears: Tony Blair causes concern to leftwing MPs

Legal review granted on dam

By James Blitz

A leading UK pressure group yesterday won the first round in a legal battle to halt Britain's funding of Malaysia's Pergau dam project.

Tbe World Development Movement, a pressure group on Tbird World issues, was granted its applicatioo for a judicial review of the decision by Mr Douglas Hurd, the foreign secretary, to fund the project.

The group is calling for the review oo the grounds that the offer of £234m for tbe dam broke British law, which states that aid money can only be speut on beneficial economic projects.

Lawyers for the group are also pressing the High Court to block the £200m that is yet to be paid to the Malaysian government under the agreement signed by Mr Hurd.

Mr Ben Jackson, the campaign co-ordioator, said tbe decisioo by Mr Justice Auld to grant the application was "a major victory" for bis movement.

Mr Hurd's lawyers did oot oppose the granting of leave for tbe application. But bis counsel, Mr Stepheo Richards, said the full bearing later this year would be contested "with vigour".

Tbe Higb Court decision threatens to re-opeo the row over the funding of the Pergau dam at a time wben the UK is anxious to restore trade relations with Malaysia.

Much of the controversy over the project earlier this year was focused on whether the government had broken its own guidelines in 1988 by linking the offer of aid to a defence deal worth about £1bn. Mr Hurd has admitted there was a "temporary entanglement" between the two deals but that they were both pursued separately later.

The World Development Movement is challenging Mr Hurd on the broader point that his decision in 1991 to fund the project broke the Overseas Development and Co-operation Act.

Mr Nigel Pleming QC, for the group, said that, under the act, aid could be given only "for the purpose of promoting the development or maintaining the economy of a country or the welfare of its people".

Mr Hurd had been informed by his officials that the project was uneconomic. Sir Tim Lankester, the former permanent secretary at tbe Overseas Development Administratioo, told the foreign secretary that the dam was an "abuse of the aid programme", but was overruled by Mr Hurd on the basis of "wider considerations".

Tbe group acknowledged that because it is not a a charity, it would need substantial donations from the public to proceed with the case.

Heseltine ready for postal sell-off

Mr Michael Heseltine, trade and industry secretary, has resolved his differences with the prime minister over the drafting of the green paper on the future of the Post Office, now expected to be published next week, Roland Rudd writes.

Mr John Major rejected the first draft, believing Mr Heseltine had not given sufficient weight to the option of leaving the Post Office completely in the public domain.

However, the Department of Trade and Industry believes its preferred option of selling 51 per cent of shares in Royal Mail and Parcelforce is still given prominence over the other two options.

These are to make the Post Office more commercialised within the public sector or to sell 49 per cent of the shares in Royal Mail and Parcelforce.

Mr Heseltine wants 10 per cent of the shares reserved for the workforce, the maximum number allowed under stock exchange rules.

Unofficial mail dispute spreads

Postal services may be disrupted in many areas today after an unofficial strike by postal workers which escalated from e local dispute over staffing.

Mount Pleasant, tha biggest sorting office in London, was hit by the walkout, as were offices in Romford, Dagenham and Ilford, in Essex, Dunstable and Bedford – and Milton Keynes, wbere tha dispnte began earlier this week.

The Royal Mail said yesterday that it may take proceedings against the UCW communications union following an injunction against it requiring it not to take industrial action.

Firefighter strike vote overwhelming

Firefighters on Merseyside yesterday voted overwhelmingly to strike in e dispute over new conditions and allowances.

In a ballot the 1,500 firefighters – already on 999-duty only – voted 84.1 per cent in favour of a series of one-hour all-out strikes.

Mr Ken Cameron, the Fire Brigade Union general secretary, hopes to address the annual meeting of the Fire Authority on Monday to avert the action.

Football club gets seating extension

Newcastle United will be the only English Premier League clnb where some fans will stand on terraces next season.

Mr Peter Brooke, national heritage secretary, said yesterday that he had given a year's extension to Newcastle United after it "presented a sufficiently exceptional case".

But he confirmed his earlier decision not to grant extra time to Barnsley, Chelsea, Manchester City, Oldham or Swindon.

All premier league and first division clubs were given until this summer to convert their stadiums to all-seater following tha 1989 Hillsborough disaster.

Farm wages victory

Some 20,000 part-time women agricultural workers have won a concession from the Agricultural Wages Board that they should qualify for parity on pay and conditions with full-time agricultural workers, the TGWU general union said yesterday.

Lords slam £4m legal aid for businessman

By Robert Rice, Legal Correspondent

The government may change the legal aid rules after the revelation that a wealthy businessman has received more than £4m in legal aid to fight an embezzlement action brought by his former employers, the Arab Monetary Fund.

Dr Jawd Hashim, a former president of Middle East-based AMF, is being sued for £33m he allegedly siphoned off from the fund into private Swiss bank accounts.

The disclosure in the Lords on Thursday by Lord Rodger of Earlsferry, the Lord Advocate, that Dr Hashim's legal battles with the AMF had so far cost the British taxpayer £4.01m in legal aid, caused outrage among peers. They demanded to know how someone who owns six luxury homes around the world can be eligible for legal aid.

The Legal Aid Board said it could not talk about the specifics of Dr Hashim's case, but that it might recover some or all of the money if Dr Hashim won the action. In general, anyone is entitled to legal aid regardless of nationality if they are a party to proceedings in a British court, it said.

But to get legal aid an applicant must be financially eligible and must satisfy the board that he has e reasonable legal case. Eligibility is determined by the Benefits Agency, which will investigate an applicant's means. Normally someone with Dr Hashim's assets would not qualify for aid. But the agency must disregard assets if they are being claimed by the other party in the proceedings.

As the AMF is claiming £33m from Dr Hashim, the agency could disregard assets np to that amount in assessing his means. Also if e person's assets have been frozen by e court the agency cannot take them into account. An injunction freezing the assets of Dr Hashim and his wife was granted to the AMF at the start of the case.

The Lord Chancellor's department said the issue of whether people in Dr Hashim's position should he eligible for legal aid was under review.

Sinn Féin considers ceasefire

By Tim Coone in Dublin

Sinn Féin, the political wing of the IRA, says that almost 40 per cent of submissions made to its Peace Commission, which held public hearings earlier this year, believed that it should encourage the IRA to call a unilateral ceasefire.

Publishing a report on the commission's findings in Dublin yesterday, Mr Pat Doherty, Sinn Féin vice-president, said: "We will have to take on board the views of peopla who spoke to us... It would have an inflnence on our thinking... as to how we should proceed in the weeks and months ahead."

He said Sinn Féin would make a detailed response to the Downing Street declaration before the end of next month, probably before the proposed Anglo-Irish summit. A document had already been drafted by the party's national executive, he said, which must be discussed with party members first. "But this will not unduly delay our response," he said.

The report published yesterday is e summary of the 280 submissions made to the commission from across Northern Ireland and the Republic during five hearings held between January and March.

It does not make any specific recommendations, but it does highlight two key points which are likely to be central to Sinn Féin's response to the Downing Street declaration, namely the so-called "Unionist veto" and the issue of demilitarisation.

The report notes: "A huge range of snbmissions felt... thet the declaration had fudged the issue of self-determination" and says that "the need to remova the veto" should be subject to "further debate and discussion".

Mr Doherty insisted that majority consent in Northern Ireland to constitutional change, as embodied in the declaration, was distinct from the Unionist veto. But when pressed to clarify he said: "The Irish nation is bigger than the Unionist population... consent means (Unionist) involvement and maybe even more than that, but there cannot he e veto."

He said Sinn Féin was also looking for e means to achieve "a total demilitarisation of the conflict" in Northern Ireland, rather than focusing on just one aspect of it, namely the IRA.

Sinn Féin thus appears to be moving towards proposing an extended IRA ceasefire, as opposed to a total cessation of violence as demanded by the two governments.

Mr James Molyneaux will today underline the Ulster Unionist party's opposition to joint authority between London and Dublin over Northern Ireland's affairs, David Owen writes.

The UUP leader will use a speech in Larne to say joint authority would he "a recipe for increased instability and tension" and that the UUP is "not prepared to tolerate the establishment of the structures for the severance of the union which joint authority would impose".

In negotiations with Dublin, Britain is understood to have rejected any suggestion that new north-south institutions could imply joint authority. But it is prepared to sanction cross-border executive boards to oversée a common approach in some areas.

PM and Reynolds upbeat on Ulster

By Philip Stephens, Political Editor, in Corfu

The British and Irish prime ministers last night reported solid progress towards an agreement next month on the framework for a new political settlement in Northern Ireland.

After talks at the European Union summit in Corfu, Mr Albert Reynolds and Mr John Major offered an upbeat assessment that the outline eccord would be agreed at e summit pencilled in for around July 20.

Officials said the leaders had still to resolve differences over the language in the statement on the proposed amendment of Dublin's constitutional claim to Northern Ireland and on the establishment of new institutions to enhance north-south co-operation.

But Mr Reynolds appeared to back away from commeots earlier this week that he was insisting the new cross-border institutions should have "executive powers".

He left open the possibility that the precise powers of new all-Ireland boards to co-ordinate policy in transport, energy, tourism and communications could be defined in talks between Ulster's constitutional parties.

British officials also sought to calm Unionist concerns about the plans by stressing that Dublin was not seeking "joint responsibility" in such areas.

Mr Reynolds hinted that the two governmeots must also settle the details of a proposed new assembly in Northern Ireland.

Fund management group fined over foreign trips

By Norma Cohen, Investments Correspondent

Abbey Unit Trust Managers, the unit trust fund management arm of Abbey Life, improperly allowed its fund managers to travel to the US and Far East on trips paid for by commissions generated in trades with stockbrokers, regulators said yesterday.

Imro, the self-regulating body for the fund management industry, has fined AUTM £10,000 and ordered it to pay £8,000 in costs following an investigation into its "soft commission" arrangements.

Mr Paul Leband, director of AUTM and a director of Abbey's fund management company, said that seven fund managers had accepted £50,000 of free travel and accommodation to the US and the Far East between November 1991 and October 1993. The travel was paid for by two stockbroking firms, one American and one Far Eastern, through which the fund managers regularly placed commission-generating trades. Mr Leband said that AUTM had "misunderstood" Imro rules relating to soft commissions.

Soft commissions are services which stockbrokers provide to fund managers at no cost. In exchange, the fund managers promise to place an egreed volume of trades through the stockbroker generating commission for it. US regulators have almost banned the practice because the commissions are paid out of investors' capital, but UK regulators allow such arrangements within certain limits.

Imro rules allow the fund managers to accept services which aid them directly in their research activities, provided the stockbroker with whom the agreement is struck arranges to buy or sell the stock at the best available price. Typically "softed" services are stockbroker research or computer software services.

Hollick urges new media watchdog

By Raymond Snoddy

Lord Hollick, managing director of MAI, the broadcasting and financial services group, yesterday called for the creation of a new watchdog to be responsible for ITV, the BBC and other broadcasters.

The Labour peer whose company controls ITV companies Meridian Broadcasting and Anglia Television told e London conference yesterday that governments could and should regulate the market in which the media will develop. He said a broadcasting wetcbdog should be responsihle for standards, compleints and finances. He said at e conference organised by The Voice of the Listener and Viewer, the pressure group, that the idea of a media monopoly had to be redefined to cover all forms of media and called for a more effective and coherent government policy.

He argued that an element of pnblic service obligation should apply to all terrestrial, satellite and cable broadcasters "to promote both programme diversity and domestic production".

He said he wanted to "maintain ITV's public service obligations, tbe positive programme requirements in the Broadcasting Act and the capacity to meet them".

Business urged to build new Britannia

Sir Donald Gosling, joint chairman of National Car Parks, yesterday called on the government and industrialists to join him in building a vessel to replace the royal racht Britannia by the year 2000.

Tha Ministry of Defence, which announced this week that Britannia would ba decommissioned in 1997, said Sir Donald's proposal was likely to be the first of many.

Sir Donald said he hoped the government would match the private sector "pound for pound" in building a showpiece vessel for about £80m.

Ha said that in addition to transporting the royal family and promoting British trade – Britannia's current roles – the ship could be used for adventure training for young people.

The ship could be leased to the Royal Navy, which would make it available both to the royal family and the companies which helped to fund it, he said. "Industries and individuals could take debentures on the ship. The ship is not intended to make a profit, although it might pay some interest to debenture holders."

Sir Donald said he was approached about the idea of building a new royal yacht by a parliamentary maritime group, and he understood they were in touch with other industrialists as well.

A defence ministry official said millions of pounds worth of export business, including weapon sales, had been sealed with the help of Britannia. He said: "The moment people step on board, they can't help being impressed by the high standards of naval engineering."

A glance at the list of organisers of recent events on board Britannia suggests that the yacht has attracted the "great and the good" of business rather than medium-size and small companies.

This week's conference in Helsinki was chaired by Sir Michael Palliser GCMG, vice-chairman of Sameul Montagu and former head of the diplomatic service.

In Bombay last November British Invisibles hosted a seminar with opening remarks by Sir Nicholas Fenn, the British high commissioner, and contributions by Sir Hugh Bidwell, former lord mayor of London, and Mr Andrew Buxton, chairman of Barclay's Bank.

In New York Mr Tony Tucker, director of public affairs for the Scottish Whisky Association, helped organise e reception for 120 congressmen, journalists and otherUS glitterati.

Ha said: "Undoubtedly the opportunity to use Britannia was most welcome. It added that extra dimension of royal lustre which would just not have been available in a hotel. The Americans were intrigued and very interested so they came along."

In cost terms, Mr Tucker described Britannia as a "very good deal" – neither "wildly axpensiva nor cheap" bnt worth it as e promotional tool.

A separate New York reception aboard Britannia was organised by British Invisibles as part of a programme of trade promotion.

Mr Nigel Carter, a director with British Invisibles, said: "Our seminars were never designed to produce instant reaction in terms of contracts. Bnt wa have undoubtedly found Britannia extremely valuable in terms of developing contacts and reinforcing the profile of British firms."

William Lewis
Jimmy Burns
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What haunts the markets

Polonius advised his son, brother of Hamlet's Ophelia, to be neither a lender nor a borrower. If people had taken this sage counsel, there would not be much of a capital market, nor indeed much capitalism. But what has happened to global markets this year reinforces the sense behind his advice. It is not so much that one should be neither a borrower nor a lender. It is more that only one of those roles is worth playing at any moment. It has been a mistake to be a long-term lender in 1994. Now it will prove costly to be a long-term borrower.

In the 1970s, long-term lending to such previously sound borrowers as the US and UK governments proved financially suicidal. Fears of a repeat haunt markets. During periods of declining inflation investors forget their fears, like hungry mice braving a sleeping cat. But as soon as inflation stabilises and prospects for short-term gains on long-term loans vanish, they remember once again. So far, 1994 has been a year for remembering.

Naturally, policymakers condemn such fears as irrational. In response to the decline of the dollar to below Y100, President Bill Clinton said only this week that "this is the first time in 30 years that we have had growth in the economy, with no inflation, led by investment that will create jobs". Thank you, Mr Greenspan, he might have added, but did not. He has, instead, appointed two people to the board of the Federal Reserve, Alan Blinder and Janet Yellen, who are thought to be soft on inflation.

Why did he do that, wonder those spooked markets? He is hardly likely to admit that he hopes to manage a default on Reagan-era federal debt, via a bout of good old-fashioned inflation. He had to say what he did, argue the doubters, whether he is sincere on inflation or not.

Inflation fears

The return of fears about inflation is one reason for the linked phenomena of declining bond markets and a falling US dollar, another being the strength of the US recovery. Investors no longer wished to buy US financial assets. Once that mood took hold, the size of the US current account deficit made a weakening of the currency likely.

If this is so obvious in retrospect, why was it not in advance? The general assumption at the beginning of the year was that the dollar would strengthen with US economic recovery, as short-term interest rates rose in the US and continued to fall elsewhere, particularly in Europe. The relative short-term interest rate part of this story has worked out more or less as expected, but it has not had the expected effect on the dollar.

The main reason is that people did not foresee what would happen to long-term rates. What has since been called the world's biggest ever margin call, following the Federal Reserve's minuscule monetary tightening last February, led to larger bond market declines than expected. These increases in long-term interest rates reflect partly the reversal of earlier speculation, partly a return of fears about inflation, but also higher real rates of interest.

Higher rates

The fact of higher real interest rates is demonstrated by the one more or less incontrovertible piece of evidence, the rise in the real yield on index-linked sterling gilts from 2.9 to 4 per cent since January. This increase explains almost half the rise in the yield on conventional long-term gilts in this period, the rest being presumably due to deteriorating inflationary expectations.

Why should higher real rates hurt the dollar? One reason is that investment opportunities elsewhere are better, partly because recovery in continental Europe and Japan is becoming evident. Investors will wish to invest in other markets, something that is hurtful to a country such as the US which is dependent for exchange rate stability on a continuing inflow of foreign capital.

Also important in a more inflationary environment is past history. It is not an accident that Japan and Germany, both of which have relatively good historical records on inflation and historically strong external positions, have suffered the smallest declines in their bond markets among leading industrial countries. Meanwhile, Canada, Italy and the UK have suffered most. Japan and Germany also tend to have the strongest currencies, Japan most of all, given its still huge current account surplus.

Three conclusions emerge. The first is that with real interest rates back to 4 per cent, being a borrower is a risky business, even for governments. This has to be true when real interest rates exceed the prospective real rate of growth of an economy.

The second is that more governments should borrow on inflation-indexed terms. Not only would this help analysts understand bond markets better, it would also protect markets from the fear of inflation. Finally, the spooked markets of today are the price of deceit years ago. The only possible response is to go on trying every day to earn their trust.

You win some, you lose some

UK pension scheme members have gained security, but may have lost some rewards, says Norma Cohen

When the former directors of Belling, the UK cooker manufacturer, were trying to salvage their ailing company in 1991, they turned to the pension scheme. The directors, who were also pension scheme trustees, bought a Belling subsidiary for the scheme with £5.5m of pension assets, and borrowed £2.1m from the fund.

Belling went into liquidation the following year and the liquidators valued the subsidiary at £2.5m. Scheme members turned to the courts to recoup their money. So far, they have recovered little.

This is one of the most serious cases to rock the pensions industry, which has not yet regained public confidence after the disappearance of more than £440m from pension funds controlled by the late Robert Maxwell.

Last week, the government acted to fill some of the most gaping holes in the regulatory net which permitted Maxwell's deception to take place. In addition to giving an oversight of pension schemes, the proposed legislation would alter some aspects of state benefits which may, in some cases, reduce the benefits paid to pensioners.

The overriding question for pensioners and scheme members is whether they will be better off when the proposals become law. The white paper tries to balance improved safety for members against the interests of employers who do not want to bear higher costs. The main points are:

- Creation of a pensions regulator to be funded by a levy on the pensions industry estimated at £10m a year. The regulator would have the power to discipline and set fines for schemes which break the rules.

There is widespread agreement that the regulator is central to improving the safety of schemes. Regulation would be funded by the pensions industry through a board selected from the industry. It would rely on "whistle-blowing" by professional advisers to scheme – actuaries, accountants and solicitors – to alert it to wrongdoing.

"Professional people are naturally reluctant to be whistle-blowers for people who are their clients and their source of income," said Mr Stewart James, chairman of the Association of Pensions Lawyers and partner at solicitors Rowe and Maw, and also a member of the Goode Committee, whose proposals the white paper reflects. He thinks the idea of the regulator is not as effective, therefore, as it could be.

- Minimum solvency standards aim to ensure that schemes have enough assets to meet their pensions obligations. These begin to take effect in April 1997 and schemes would have five years to meet them fully. If they meet at least 90 per cent of the standard, they may take another three years to bring them up to 100 per cent.

But there is a cost to members of this added security. This is because the method used to calculate the value of assets – which adds up the cash equivalent needed to buy an annuity that would provide the member with the promised benefits at retirement – means that those who leave schemes early will have lower transfer valoes.

The accountancy firm Coopers & Lybrand estimates that the new calculations of cash equivalents would mean that a 30-year-old leaving a scheme would have a 25 per cent lower transfer value once the new rules take effect.

- A compensation scheme for fraud or misappropriation would be financed by employers and cover up to 90 per cent of any missing assets.
- Scheme members would have the right to appoint at least one-third of a board of trustees, with small schemes guaranteed at least one member trustee.

This proposal should improve the confidence of the average pension scheme member. First, members would be able to appoint trustees who cannot be removed by the employer. They should be in a position to spot inappropriate activity early. Mr Nigel Preston, partner in the pensions practice at consulting actuaries R. Watson, said: "I've seen schemes with member trustees, and they do improve the quality of administration. They certainly limit the ability of the bad guys to put their hands in the till."

In addition, the presence of member trustees forces the employer to think twice about securing the use of a scheme surplus entirely for his own benefit, Mr Preston says. Thus, not only may members feel safer after the new legislation, they may also find they are better off.

- Abolition of the Guaranteed Minimum Pension from April 1997, which guarantees that at least a portion of each deferred pension rises in value in line with salary increases, until it is ready to be drawn. Instead, employers would have to increase pensions in payment by 5 per cent or the retail price index, whichever is lower.

The GMP is currently intended to ensure that occupational schemes provide at least a portion of deferred benefits, which rise each year in line with earnings, and which are equal in value to those provided by the State Earnings Related Scheme. Schemes which are "contracted out" of Serps are allowed to receive rebates of National Insurance Contributions along with their members.

According to data from the National Association of Pension Funds, some 41 per cent of employers are voluntarily increasing pensions in payment each year by the amount required under the new law. A further 20 per cent are increasing pensions by an even more generous level. Indeed, only 2 per cent of all schemes have increases of less than 3 per cent each year.

Ms Penny Webster, partner at Bacon and Woodrow, the consulting actuaries, said the abolition of GMP could cause significant reductions in the pensions received by many people. In particular, those who change jobs frequently would be hard hit. That is because, although a "frozen" pension is only required to be uprated by 5 per cent each year, the GMP portion of that pension must be increased by 7 per cent or by the level of earnings inflation, which is typically 1½ to 2 per cent above retail price inflation.

"Let's say a 35-year-old man leaves a scheme with 30 years to go until retirement," Ms Webster says. "Considering that GMP can be 40 per cent of his total pension, that man's final pension will be reduced by 15 per cent." Those who stand to benefit are those whose employers provide little or no inflation-proofing for pensions, and who have worked most of their lives for a single employer – a minority of the UK 10m scheme members.

The response to the white paper has been mixed. The NAPF has broadly endorsed it, saying it strikes a balance between improving security for scheme members and limiting costs to employers. But trade unions have said it does not go nearly far enough in protecting scheme members.

The answer to the question of whether the average scheme member is better off is: maybe. For while there is a greater certainty that promised benefits will be delivered, they may prove in the end to be less generous than at present. It will be up to scheme members to decide whether they think the trade-off is worth it.

John Willman on moves towards statutory regulation

Break with Thatcherite past

The creation of a statutory regulatory system for the pensions industry, promised in Thursday's white paper, marks a turning point after more than a decade in which laissez-faire principles guided government relations with the City.

It is ironic that the job of announcing this departure from orthodoxy fell to Mr Peter Lilley, the social security secretary. He is seen by the Tory right as one of the few standard-bearers of the Thatcherite inheritance left in the cabinet.

Yet Mr Lilley had little choice in the aftermath of the Maxwell scandal but to seek a comprehensive and statutory framework. The disappearance of £450m of pension funds from Mr Robert Maxwell's business empire – and the plight of the thousands of pensioners left high and dry – required a convincing policy response. Tory backbenchers, no less than the opposition, were unlikely to accept remedies that relied on a further dose of self-regulation.

"I don't think there would be any support for the view that no action is needed in the pensions industry," says Mr John Watts, Conservative chairman of the House of Commons Treasury and Civil Service Committee.

As for the pensions industry, a statutory framework complete with regulator was seen as the quid pro quo for a compensation fund financed by a levy. A strong regulator is seen by the industry as essential to minimise the calls likely to be made on the fund.

The move to statutory regulation of the pensions industry is likely to rekindle demands for a similar approach to financial services regulation as a whole. Influential bankers and insurance executives have become increasingly concerned about the self-regulatory edifice that has been constructed on the back of the 1986 Financial Services Act (FSA).

Mr Mick Newmarch, chief executive of Prudential, the UK's largest life insurer, has led calls for a shift towards a simpler statutory system. "Such is the wholly unsatisfactory state of retail financial services regulation that the experiment of self-regulation within a statutory framework must be seen as a failure," he says.

Other top City figures are reluctant to express such views in public. But there is widespread support for the view that change is needed, says Mr Andrew Hilton, director of the Centre for the Study of Financial Innovation, a City think-tank.

Last May, the centre published a paper arguing for far-reaching changes that drew heavily on the thinking of Sir Brian Pearse, then chief executive of Midland Bank. There has been "an astonishingly positive response", says Mr Hilton, to the proposals.

Despite differences over what should replace self-regulation, there is a growing view in the City that statutory regulation would be better than the framework created by the FSA, according to Mr Graham Mather, the newly-elected MEP who is president of the European Policy Forum.

"People say that we have ended up with the worst of both worlds," he says. "The FSA is supposed to be self-regulatory, but it is heavily overlaid by statutory requirements. The attraction of a statutory system is that it would get rid of the present mess."

Such advocates of change are unlikely to have their wish fulfilled, however, says Mr John Maples, a former Treasury minister who is now chairman of Saatchi Government Communications, a lobbyist.

"I cannot believe there is any stomach for amending the FSA this century," he says. "The faults are not big enough for the government to go through the grief that would be involved." Mr Mather agrees. "There is still time to sort out the FSA," he says.

Those hoping that the pensions white paper opens a new door for similar moves for financial services regulation as a whole are likely to be disappointed, therefore. It will take a scandal of the magnitude of the Maxwell case before the politicians see any need to extend statutory regulation to the financial services industry as a whole.

MAN IN THE NEWS: Conrad Black

New battleplan for Waterloo

This has been an incredible week for Ms Barbara Amiel, the right-wing Sunday Times columnist. She has Her views, usually described as trenchant, have recently encompassed the need for a firm stand against both North Korea and beggars.

On Tuesday she held what has been described as the "high society party of the summer" at the Ritz hotel in London, bringing together 150 people, including Princess Diana, to celebrate businessman Sir James Goldsmith's election as a Euro MP and his wife's 60th birthday.

Ms Amiel's husband, Conrad Black, chairman of the Telegraph group, had quite a week, too. Before heading for the Ritz, Black had been putting the finishing touches to the decision to cut the price of the Daily Telegraph from 48p to 30p.

The decision led to a sharp fall the Telegraph share price, which exposed Black to something approaching hatred in the City of London because he sold £73m-worth of Telegraph shares last month at what now looks like a fancy price. It also provoked a counter-attack from Rupert Murdoch, who cut the price of The Times to 20p.

But Black is a tough general. "This is not a problem, I have been in tighter corners than this," he said on Thursday night, after hearing of the latest Murdoch manoeuvre and before going off to dinner with Barbara, his second wife who, he says, has made him happier than he has ever been.

By any standards, however, he is fighting a tight corner. And Black acknowledges that Murdoch, chairman of News Corporation, which owns five national newspapers including the cut-price Sun and the cut-price Times – both selling at 20p – is "playing hardball".

The owner of the Telegraph group said he believed that "he [Mr Murdoch] wants to put the weaker companies to the wall. I am a capitalist and a Darwinian and I don't raise moral objection to that, although we're a live-and-let-live company".

The Canadian newspaper proprietor, with more than a passing interest in military history and the achievements of Emperor Napoleon Bonaparte, laces his conversation with talk of war in the wake of Murdoch's fierce retaliation.

"You can't make war and peace at the same time, you can't suck and blow at the same time. If you're going to regret an escalation of hostilities by an adversary who has already declared war on you, you might as well have flown up the white flag in the first place."

He is similarly defiant about City innuendo that, when his main company, Hollinger, sold 12.5m Telegraph shares on May 19 at 587p, he had thoughts of cutting the price of the paper.

Black said he returned from New York last week to find a recommendation "from all my management" that the paper should cut its cover price. May's circulation figures, out earlier this month, showed The Times had increased its sales by 35,000 compared with April, to a new record of 515,000. The choice, as they saw it, was between acting now and watching their circulation drift slowly down.

"Was I seriously supposed to say: 'Sorry, fellows, we can't do it because it will give me a public relations problem.' That is no way to run a company. You do what you have to do when you have to do it," said Black.

He added that he had recently

discovered a new profit centre – suing people for defamation – and promised to sue anyone who cast direct aspersions on the share sale.

The hard attitude some in the financial community have taken towards Black and the Telegraph, however unjustified, may make it difficult for the organisation to raise money in the City of London for some time.

But was the Telegraph price cut, which will cost £40m gross in a full year, wise? Has not Black merely caused pandemonium in the newspaper market, damaged the profitability of his paper and devalued the 77m Telegraph shares Hollinger continues to own – and possibly undermined the future of The Independent – all for a toe-to-toe slugging match with Mr Murdoch?

"I am not one of those who desires to see a smaller number of newspapers published. We are not trying to run anyone out of business. We are just not interested in being bowled out by Murdoch," said Black, who believes the effect of the price cut on the Telegraph's profits will be relatively marginal.

"If it shakes out the way we think, I think we will have the pleasure of having stopped the inexorable rise of The Times, shored up our own position and taken only a marginal hit to profit," he said.

Nevertheless, the price war could turn out to be the newspaper equivalent of a winter campaign in Russia for Black, who bought effective control of the Daily Telegraph at a cost of about £20m in 1986.

Price cuts are not the only topic exercising his staff this week. Max Hastings, Telegraph editor-in-chief, appointed Simon Heffer, a journalist known for right-wing views, as deputy editor, amid reports that Hastings was a candidate for being "kicked upstairs".

Black conceded: "I became impatient not with the ideological tenor of the paper but with the lack of sharpness. It just wasn't robust and vigorous enough and needed to be a little bit more of a thunderer [the old nickname for The Times]."

On top of this week's turmoil, the Telegraph, a quintessentially Conservative newspaper (though it does criticise individual Conservative governments), could be heading for a period of opposition. If Labour wins the next election, then Black and Ms Amiel will be invited to few powerful political parties, even though Black regards Tony Blair, the favourite for the Labour leadership as "a perfectly nice man".

As usual, Black takes the historic view. The Daily Telegraph, he explained, had been founded in 1855 essentially to oppose the then prime minister Lord Aberdeen, and the Duke of Cambridge as commander of the British army. "You can't always have your own people in power. If we found ourself as a highly oppositionalist paper, that is frequently a very enjoyable position for a newspaper to be in," said the man who is today many millions of pounds poorer than he was at the Ritz on Tuesday evening.

Raymond Snoddy

Japanese warm to vin ordinaire

Cheap French wine is one pleasant consequence of the strong yen, but there is also pain, says William Dawkins

While the world's leading central banks agonise over the yen's historic leap through Y100 to the dollar this week, ordinary Japanese people are having a ball.

A Japanese consumer might celebrate by treating himself to a prime US steak for lunch, washed down with a bottle of French wine or Belgian beer. He could then step into his new Cherokee jeep for a drive to the local travel agent, where he might book a beach holiday in Hawaii, likely to cost less than a golfing trip to Hokkaido.

These are examples of the formerly expensive foreign treats being snapped up by consumers, enriched by a currency that has risen 35 per cent, in trade weighted terms, since the start of last year.

Imports of beef, mostly US and Australian, rose by a third in the year to March; beer imports multiplied fivefold in the first four months of this year, and wine imports doubled. Car imports rose by nearly half last month, the seventh monthly rise running, to gain a record 6.6 per cent market share, led by US cars with a 60.6 per cent volume rise. Meanwhile, a record 5.2m Japanese travelled abroad in the first five months of this year, nearly 16 per cent more than the same period of 1993.

Their appetites sharpened by more than three years of economic decline, Japanese people have acquired a taste for a bargain.

Some – but by no means all – the consequences of the yen's strength have been good for the economy. A discount shopping spree, for example, was thought to be a factor in a jump in private consumption, by an annualised 5.8 per cent in the first quarter of this year.

This spree helped import volumes grow by 16.1 per cent in the year to last month, the main cause of a sharp 15.9 per cent drop in the trade surplus over the same period. It was the first clear sign that the politically troublesome current account gap – a factor in the yen's rise – is starting to shrink.

"The boon to consumers will go much further this time than in the previous round of yen appreciation, because people have become genuinely more value oriented," says Mr Dick Beason, senior economist at James Capel Pacific.

Evidence that Japan's new taste for French wine and US cars could have some way to run is that foreign goods still only represent just over 14 per cent of domestic demand – well below the OECD average of 24 per cent. So Japan's consumers can be expected to reach for their corkscrews and propose a toast if the yen should rise again.

There is, of course, a painful side to the yen's fluctuations. Nowhere is the anguish worse than in the boardrooms of Japan's manufacturing companies. They have seen the yen value of overseas earnings squeezed since the 1985 Plaza accord to restrain the dollar's value started the yen's rising trend.

Another turn of the screw is unwelcome, when Japan is in the fragile early stage of a recovery from its longest economic downturn in postwar years – 37 months according to the government's Economic Planning Agency.

It is even less welcome when the minority coalition government is facing a no-confidence motion, paralysing attempts to resolve the dispute with the US over barriers to imports, and casting doubt on the substance of the package of deregulation and tax reforms, due to be published on Tuesday.

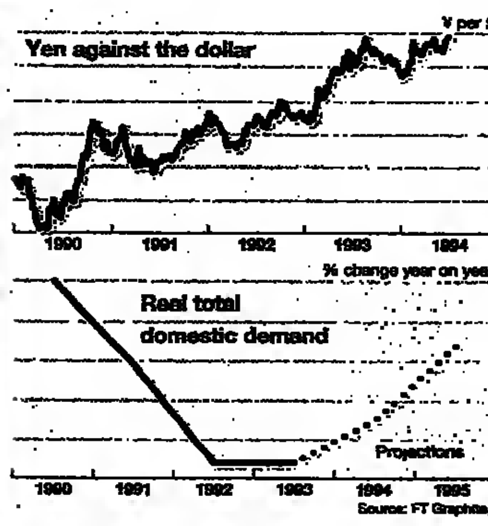
"The yen's extraordinary sharp appreciation could not only nip the recovery in business conditions in the bud, but also destroy the country's manufacturing industry," warns Mr Takeshi Nagano, chairman of the Nikkeiren employers' federation.

Mr Shoichiro Toyoda, chairman of the Keidanren employers' federation, estimates that, if the yen sticks around Y100 to the dollar for the next year, gross domestic product will shrink 0.8 per cent over the same period. That compares with the government's target of GDP growth of 2.4 per cent this year.

A similar, but stronger jump in the Japanese currency this time last year killed signs of a recovery then. The yen rose by 17 per cent from January 1993 to last year's high of nearly Y100 in August, receding to Y110 by the end of the year. By yesterday it was at Y101.1, 12 per cent above its 1994 opening rate.

Each Y1 fall against the dollar over a year slices 3.4 percentage points from manufacturing industry's taxable profits, according to Nikko Securities. The Economic Planning Agency reckons that only one in 200 of Japan's exporters can break even at Y100 to the dollar.

Japanese shoppers: spend, spend, spend



Yet foreign economists – and some Japanese companies – believe that Mr Toyoda and Mr Nagano are exaggerating slightly. For one thing, they do not believe the yen will stay at this height, because the current account surplus appears to have turned the corner.

This year's signs of a general economic recovery are also stronger and more widespread than last year's. Gross domestic product rose by an annual 3.9 per cent in the first quarter of this year, by comparison with the 1 per cent rise in the same period of 1993.

This might explain why the stock market does not believe that the strong yen is as as bad for corporate Japan as managers sometimes claim. Mr Robert Feldman, chief economist at Salomon Brothers Asia, the securities company, points out that share prices have risen in each of the seven years since 1970 in which the yen has appreciated by more than 10 per cent: "It suggests that the yen's strength is linked to the strength of the economy."

Japanese industry has, moreover, had nearly a decade since the Plaza accord in which to sharpen its competitiveness in response to the rising yen, by trimming costs and shifting capacity abroad. Clearly, the yen's strength reduces such companies' foreign costs as well as foreign revenues.

Today, 7 per cent of Japan's industrial production is overseas, according to the Tokyo office of Morgan Stanley, the investment firm. The move caused the loss of 70,000 Japanese manufacturing jobs at the latest count in 1991. But that is tiny in relation to the 62.5m workforce, so unemployment remains far lower than in Japan's leading competitors, at 2.5 per cent.

This indicates that industry can continue the shift abroad without breaking its taboo against making redundancies – the constraint on foreign investment most commonly cited by managers in Tokyo.

Another high-yen survival technique has been to contain the rise in export prices by sacrificing profit margins and keeping a lid on labour costs. They have been helped by the fact that Japan's working hours and total wages are more flexible than international competitors'.

But Japanese companies have been unable to squeeze labour costs indefinitely. These have been allowed to rise since the turn of the decade above those in the US and Germany. As a result of Japanese companies' decreasing ability to pass on the costs of the high yen to their workforces, the country's loss of export market share "could begin to be severe", warns the latest OECD report on Japan.

The lesson, as if Japanese companies did not already know this by heart, is that wild currency fluctuations are a long-term fact of business in Japan. Consumers can, at least for the time being, continue to drink cheap French wine, reasonably secure in the knowledge that their hard-pressed employers will not throw them out of a job – yet.

Party loses its footing

Quentin Peel on the fluctuating fortunes of Germany's SPD

When Mr Rudolf Scharping chose a cavernous indoor ice-rink on the outskirts of Halle, in eastern Germany, as the venue to launch his campaign last Wednesday for the German chancellery, he was taking a calculated risk.

Not only was this monument to east Germany's former obsession with sports, with its banks of orange plastic seats screwed to concrete benches, a terrible place for a big set-piece speech, even to the party faithful. It was more than that.

Halle, once capital of a sprawling chemical industry, now ravaged by unemployment, is in the throes of an election campaign for a new parliament and government in the state of Saxony-Anhalt. The voters go to the polls tomorrow. So Mr Scharping, the neatly bearded, 46-year-old leader of Germany's opposition Social Democratic party (SPD), was putting his election-winning reputation on the line.

Four months ago, he looked a good bet. Mr Scharping and the SPD were riding high, Chancellor Helmut Kohl was trailing in opinion polls, the economy was still in the doldrums, and the conservative-liberal coalition government in Saxony-Anhalt was in disarray after the resignation of its premier and three ministers in a scandal over inflated salaries.

The Halle party conference to endorse Mr Scharping as the candidate for chancellor was just what was needed, the party strategists declared. It would secure a resounding win in the state election, and set Mr Scharping on his way for the chancellor's office come the general election in October.

This week, it all looked like a very risky gamble. It is Mr Scharping and the SPD who are now falling behind, after a damaging defeat in the June 12 European election. Local elections on the same day in Saxony-Anhalt saw Mr Kohl's Christian Democratic Union (CDU) still in front of the SPD, in spite of the salary scandals, although only by a narrow 1.5 percentage point margin (by 31.2 per cent to 29.7).

Yesterday's national Politbarometer opinion poll, broadcast by ZDF television, put the CDU on 40 per cent nationally, to just 36 for the SPD. As for Mr Scharping, he is trailing Mr Kohl in the race to be the next chancellor by 48 per cent to 41 – a reversal of their fortunes at the turn of the year.

The tide is running against Rudolf Scharping and the SPD

On Wednesday, the mood on the ice-rink was grim. Yet everyone knew they had to put on a good show. Mr Scharping rose to the challenge. He delivered a storming speech, in complete contrast to his normal wooden, preachifying style. He mocked the "fat man" in the chancellor's office, denounced the inequities of west German materialism and east German joblessness, and told his detractors in the party to "put up, or shut up".

The question is whether his newfound fury has not come too late. For the tide seems to be running against the SPD, in both east and west. The party has been unable to make a clear political breakthrough, in spite of still rising unemployment and last year's sharp recession, and even against a chancellor like Mr Kohl, who has never been genuinely popular. Many question whether the SPD's malaise is not more fundamental than a question of policies, or of personalities.

"This is a very difficult time for social democracy," says Mr Jürgen Burckhardt, director of the Friedrich Ebert foundation, the SPD think tank. "It is very difficult to formulate policy under our changed circumstances, because you can only tell people unpleasant things."

In areas such as the extension of social benefits, or the protection of lower income groups – classic social democratic themes – the SPD now admits that public funds are not adequate to the task.

Yet in seeking to be realistic and blunt about the financial possibilities, it is alienating both its traditional voters and new, more prosperous groups. "The main themes for which social democracy always stood, and their main voters, are no longer recognisable," says Mr Karl-Rudolf Korte, head of the Germany political science research group at the University of Mainz. "If everything comes together in a great middle-of-the-road coalition, where will be the specific themes for the SPD?"

Ever since he was elected leader just one year ago, Mr Scharping has sought to move his party towards the middle ground, to present it as a safe and stable alternative government, and one which might be more competent economically.

Yet it is precisely on the question of "economic competence" that the voters appear to have lost faith with the SPD. In January, a majority rated the opposition above the ruling coalition on that question. But as signs of economic recovery have started to multiply, they have changed their minds.

"The election strategy of the SPD has failed," says Mr Hans-Joachim Veen, director of research at the CDU's Konrad Adenauer foundation. "It was a defensive strategy which was wrong from the start, saying: 'We are like the CDU, but rather better.' That meant they were bound to the CDU. They did not control the themes. They had no profile of their own. And the moment the economy started to improve, the CDU could only gain."

The danger for the Social Democrats is that they are looking ever more like an acceptable party for provincial politics – governing at the state or local government level – but not for the national capital. All their main leaders are state politicians.

Mr Scharping's safe, dull and provincial image has only compounded the impression. "He presents himself as a younger Mr Kohl," says Dr Korte.

The irony is that the two may yet be condemned to govern together. For even if Mr Kohl emerges victorious, as the latest polls suggest, the electoral mathematics suggests he will not command a majority with his current coalition. The Free Democratic party, Mr Kohl's current partner, is weak, and may barely scrape back into the Bundestag.

As far as the social democrats are concerned, their strategists seem already to be prepared to contemplate a setback in October.

"I am convinced Scharping has a chance in the medium term, even if he does not make it this autumn," says Mr Burckhardt. "Halle convinced me. He has got what it takes. This man is 46. And look how long it took Willy Brandt."

Mr Brandt became chancellor at 55.

George Graham on the political battle against US tobacco groups

Hunt for a smoking gun

Mr Thomas Sandefur, chairman of cigarette manufacturer Brown and Williamson, was the very picture of the tobacco executive at bay this week. Several times his lawyer advised him not to answer as he defended his company before a hostile congressional committee against charges that it manipulated the levels of nicotine in its cigarettes to keep smokers addicted.

Repeatedly in recent weeks the chairman and chief executives of leading US cigarette manufacturers have been hauled before a panel of disbelieving members of congress, chaired by Congressman Henry Waxman, to repeat that they do not believe nicotine to be addictive, and do not believe their cigarettes cause lung cancer.

The congressional bounds drew closer to their quarry this week when Dr David Kessler, commissioner of the US Food and Drug Administration, an agency of the health department, denounced Brown and Williamson for developing a strain of tobacco plant with twice the normal levels of nicotine.

"These findings lay to rest any notion that there is no manipulation and control of nicotine [in the manufacture of cigarettes]", Dr Kessler said.

Mr Sandefur was the immediate target in a quest – he calls it a "crusade" – by the FDA for evidence that might justify it defining nicotine as a drug, allowing it to assert its regulatory authority.

Brown and Williamson, owned by the UK conglomerate BAT industries, has faced particularly close scrutiny because a cache of internal documents about its research and marketing operations, which the company alleges were stolen by a disgruntled employee, has made its way into the hands of Mr Waxman.

But research papers and internal memoranda from other companies are also turning up which have added piece by piece to the picture of an industry that has not just ignored, but actually concealed, the evidence about the addictive and carcinogenic properties of its products.

Amid all these disclosures, Ms Janet Reno, the attorney general, this week announced that the justice department was examining an array of allegations against the tobacco industry that could lead to criminal, civil and antitrust investigations.

Dr Kessler's strategy for taking on the tobacco industry is unclear. The bearded and bespectacled paediatrician came late to the anti-smoking crusade, which he declined to pursue during his first two years as commissioner.

In the past, the FDA limited itself to regulating nicotine in chewing gum or patches to help people stop smoking, and to preventing cigarette makers advertising their products' benefits, such as weight loss. Dr Kessler now speaks with all the fervour of the convert. The logic of his quest, if he finds more compelling evidence than the FDA yet possesses that nicotine is addictive, would lead him to a complete ban on nicotine-bearing cigarettes, or at least to strict limits on nicotine content.

But Dr Kessler has warned of the dangers of prohibition. "One must consider the possible effects of the loss of this source of nicotine on the health of some people who are addicted. It is also important to consider the potential for a black market in nicotine-containing cigarettes," he told Mr Waxman's committee.

The logic of Dr Kessler's quest would lead him to a complete ban on nicotine-bearing cigarettes

Congressional opponents of smoking also shy away from talk of prohibition. Legislation being considered in Congress to give the FDA explicit power to regulate tobacco (currently defined as neither a food or a drug), sponsored by Congressmen Richard Durbin of Illinois and Mike Synar of Oklahoma, would specifically bar the agency from banning cigarettes.

Mr Synar acknowledges that his bill would not pass if it included the threat of prohibition. But the tactics he has adopted highlights how hard it will be to win approval for even the less draconian proposals he is making: he has tried to attach the measure to the agriculture spending bill, which many legislators from tobacco growing states will in the end feel compelled to vote for, rather than presenting it on its own. "If the bill could stand on its own they wouldn't resort to this backdoor tactic," said Mr Tom Lauria, a spokesman for the Tobacco Institute, the industry lobbying group.

Mr Lauria's confidence reflects the realities of congressional politics: despite the bashing the tobacco industry has received over the past year, its political muscle is still considerable. Political action committees run by the Tobacco Institute and individual manufacturers gave more than $1m to federal candidates last year.

In addition, the industry is developing a grassroots lobbying strength. The National Smokers Alliance, run by Burson Marsteller, a public relations firm with close ties to cigarette manufacturers, now boasts hundreds of thousands of members and was active, along with cigarette maker Philip Morris, in collecting signatures to place a pro-smoking measure on the November ballot in California.

If approved, the measure would overturn hundreds of local anti-smoking ordinances and replace them with a less stringent state law.

Congress, however, may turn out to be something of a sideshow in a much broader onslaught on the tobacco industry. Anti-smoking campaigners are pressing the attack with new vigour on two other fronts.

First, they are calling for more companies and employers to ban smoking in public places. A 1993 study by the Environmental Protection Agency classifying secondhand smoke as carcinogenic has led to companies such as McDonalds and employers such as the Pentagon to ban smoking on their premises.

Second, legal action is being taken to force the tobacco industry to pay for the health costs of its products. Instead of lawsuits brought by individual smokers or their bereaved relatives against the company to whose products they attribute their lung cancer – a type of case the cigarette makers have almost always won – a new wave of claims is being filed by state governments against the tobacco industry in general.

For tobacco executives such as Mr Sandefur, however, the immediate problem is the prospect of FDA regulation of nicotine. Congressman Ron Wyden of Oregon, another foe of smokers, urged Mr Sandefur to work with Congress to develop regulations his industry could accept, or risk becoming an "outcast" in the debate over smoking policy.

"Congressman, it's hard for me to envision becoming more of an outcast than I am," Mr Sandefur replied.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Part-time workers need to avoid benefits trap

From Mr Peter Ashby.

Sir, It is encouraging to learn that the UK chancellor is investigating ideas for "improving the workings of the labour market in a humane way" (Economic Viewpoint, June 23). May one therefore ask that he address head-on the fact that registered unemployed people are, in effect, excluded by the benefit system from the main growth sector in the economy: part-time working.

Nowadays, many unemployed people say that they probably have a better chance of finding two part-time jobs, which together would offer an adequate overall income, than one full-time job. The problem is, however, that under the current rules they need to find both part-time jobs simultaneously if they are to be able to leave the register without falling straight into the "benefit trap".

The best way of helping them avoid this would be to offer to pay the long-term unemployed a "portfolio worker's allowance" for, say, a period of six months, once they have accepted one part-time job. This would give them a proper breathing space to find a second source of part-time income that fits comfortably alongside the first – or, maybe, persuade their employer to convert the part-time job into a full-time one.

The idea is being piloted by Training and Enterprise Councils in Lincolnshire and south London, and the results are encouraging. To make a significant impact, however, there would need to be a national initiative, with national marketing to the unemployed.

The idea of a portfolio worker's allowance is probably the best, and simplest, idea that has been developed for some years to help the long-term unemployed. It would also be cost-effective for the Treasury. If the chancellor adopted this idea, many thousands of unemployed adults could use it to gain access to real jobs.

Peter Ashby,
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Scientists strong on religion

From Dr Denis Alexander.

Sir, Professor John Postgate ("Religion: are we better off without it?" June 18/19) is mistaken in thinking that "few scientists" are to be found holding "religious beliefs". Christians in Science is only one of a number of international organisations representing many thousands of Christians engaged in scientific research, a good number of them holding chairs of science in British universities. Considering the powerful impetus that the Christian world-view provided to the emergence of modern science in 17th century Europe, this substantial Christian presence within the scientific community is not surprising, since the two-way traffic of ideas between science and faith has continued unabated ever since.

Prof Postgate's suggestion that "scientists who are religious" have to "close down" their critical faculty for religious work, is embarrassing in its inaccuracy. A steady stream of recent books by various scientists has illustrated the way in which research work has frequently pushed agnostics and atheists down the pathway to theism precisely because they have used their critical faculties.

Science & Christian Belief aims to explore the relationship between science and faith at an academic level. As editor I read all manuscripts submitted to this journal. At the same time, I referee a large number of articles submitted to scientific journals. I can find no basis for Prof Postgate's claim that different standards of critical academic assessment apply in these two spheres of science and religion.

Prof Postgate's comments about religion and war reiterate tired arguments that miss important points. In light of the fact that more than 40 per cent of the scientific research and development budgets of most western nations are committed to developing ways of killing other people, his claim that the scientific community is living on some "moral high ground" is surprising. Scientists have been notorious for contributing their skills to military enterprises, so the idea that the scientific community as a whole is "above" such blood-thirsty activities is ridiculous. Yet scientists do not give up science because it is widely misused any more than people give up sex because of the existence of rape. Similarly, the appropriate response to misuse of religious belief is not to confront religion *per se*, but to oppose its misuse.

Denis Alexander,
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Set the right standards

From Dr Mike Asher.

Sir, Richard Gourlay's article, "Quality under fire" (June 21), on the attack against BS5750 makes excellent points. In particular, the fact that organisations not accredited by the National Accreditation Council for Certification Bodies are allowed to issue certificates to companies saying they have BS5750, introduces wide variations in standards, and brings the whole system into disrepute.

The Department of Trade and Industry should act to stop this outrage and give publicity to the role of the NACCB. Only when this happens will buyers know for certain about the suppliers they deal with.

Mike Asher,
managing partner,
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Altrincham, Cheshire

No light on the problem

From Ms Sue Wake.

Sir, Re Observer's story, "Checking out" (June 22), there cannot be many visitors to Moscow over the past few years who regret the (temporary?) closure of the Rossiya Hotel. This building was constructed, I believe, for the Olympic Games which were not in fact held in Moscow as planned. However, local folklore opined that the cockroaches were brought in by foreign athletes taking part in the substitute Goodwill Games.

As conference organisers it has been our lot to be accommodated at the Rossiya from time to time and delegates, speakers and staff have all suffered the indignities of these light-sensitive creatures. Our prize for fortitude however goes to Mrs Barbara Mills who spoke at our event, *Europe-USSR law and co-operation*, in 1991 when director of the Serious Fraud Office. At a farewell dinner during which discussion turned to 'roaches she admitted that, as she had not had a single light bulb in her room for two days, she was unaware of the problem.

Sue Wake,
managing director,
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Benefit of employee ownership

From Mr Nigel Mason.

Sir, Those who think reserving 10 per cent of the shares in a privatised Post Office ("PO staff may get free shares in sell-off", June 20) is a waste of scarce equity might examine the evidence in the US. Employees own an average 12 per cent equity in more than a quarter of the Fortune 500 industrials. This is not altruism. An index of 265 public companies where employees own at least 10 per cent of the equity, compiled by a team at Rutgers University, outperformed the Standard and Poors 500 Index by 26 per cent over 11 quarters to September 1993.

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When price cuts prove price sensitive

David Wighton on the reaction of the Stock Exchange to recent Telegraph share sales

The speed with which the Stock Exchange moved to investigate recent trading in The Telegraph shares may reflect the determination of Mr Michael Lawrence, the new chief executive, to give more focus to its regulatory role. Bnt its equally swift clearing of last month's Hollinger share sale came as little surprise to City lawyers.

An insider dealing specialist from a leading City firm said: "When a sale of that size is proposed there would be such close scrutiny to ensure there was no unpublished price-sensitive information involved that I find it inconceivable that there would be any evidence connecting the sale with the Telegraph price cut."

The freedom of directors of listed companies to deal in their shares is restricted by the listing rules of the Stock Exchange. These include a model code which forms the minimum rules a company must adopt to cover directors' dealings.

It requires directors to receive clearance from the chairman or other designated director for any dealings in the company's shares. Such clearance must not be given for deals during "close" periods ahead of announcement of financial figures.

For a company that reports quarterly, like The Telegraph, the close period covers the month immediately preceding the announcement of figures.

Dealings are also prohibited in "any period when there exists any matter which constitutes unpublished price sensitive information in relation to the company's securities (whether or not the director has knowledge of such matter) and the proposed dealing would take place after the time when it has become reasonably probable that an annotnncement will be required in relation to that matter".

The Stock Exchange investigation has found no evidence that a cut in The Daily Telegraph's cover price – which has proved highly sensitive for The Telegraph share price – was contemplated at the time of the Hollinger stake sale.

There have been very few successful insider dealing prosecutions against directors, largely because of the requirement for trades to be cleared by other board members. The biggest to date was the conviction in 1991 of Mr Ivor Goodman, former chairman of Unigroup, the Leeds-based timber and clothing company. He received an 18-month prison sentence after pleading guilty to selling £1.2m of shares in the company just before it announced worse-than-expected figures.

The Stock Exchange is thought to be pursuing investigations into sales of Telegraph shares by employees ahead of the price cut announcement. But insider dealing experts believe it is very unlikely that prosecutions will result.

The new insider dealing rules which came into force in March prohibit someone from dealing in securities when in possession of information relating to the securities, which is "specific or precise" and which if made public would have a significant effect on the securities' price.

Given the number of Telegraph employees who own shares in the company, there is always a steady flow of share trades. So it is likely that some employees sold shares in the run up to the price cut when there was increasing internal speculation about such s move.

A leading lawyer said that in these circumstances it would be easy to mount a legal defence even if such sales had been prompted by the speculation.

"The prosecution would have to show that the information was 'specific and precise' and that the defendant knew it came from an inside source, and was not just a rumour."

Another defence is that the shares would have been sold regardless of the inside information. "Given the state of the stock market and the amount of public comment about the newspaper market it would be easy to argue that the shares would have been sold anyway."

Azlan shares fall 10% on warning

By Alan Cane

Shares in Azlan Group, s distributor of advanced computer networking products, fell 10 per cent yesterday following a warning that profits in the first half of the current year would not match those of last year.

The shares were marked down from 280p to 252p despite results for the year to March 31 which saw sales rise 49 per cent, from £41.2m to £61.5m, and pre-tax profits grow from £2.95m to £3.87m.

Earnings per share came to 12.4p (8.4p).

The group, which came to the main market last November at 230p, plans to pay a final dividend of 2p – as indicated at the time of the flotation.

Mr David Randall, managing director, said the results were achieved by continued growth in the UK and improved performsnces in Germany and Denmark. He said profitability in the first half of the current year would be reduced because of a change in buying patterns among customers.

They were moving from repair and maintenance of existing equipment to the purchase of new systems. This required a longer buying cycle. Orders and prospective orders were at an all-time high, Mr Randall stated.

Azlan had, furthermore, decided to introduce new and more complex products and phase out older technologies: "This strategy, while limiting UK sales growth in the short term, is enabling us to maintain product gross margin percentages while phasing in a series of new products", he said.

Mr Randall added that the majority of the year's profits would be made in the second half.

EuroDollar priced at 220p

By Paul Taylor

Ian Mosley: good support from over 50 institutions

Shares in EuroDollar, the UK's second largest car hire group which is coming to market via a placing and public offer, were priced yesterday at 220p, valuing the group at £107.9m.

EuroDollar, the subject of a management buy-out from TSB last year, hsd originally planned to issue its prospectus and pricing details on Wednesday. However, the group postponed the flotation in the wake of turbulent market conditions earlier in the week in order to continue book-building.

The group, which has s UK fleet of sbout 12,000 vehicles and operatcs from 107 branches across the country, claimed a 10 per cent share of the fragmented £583m domestic car hire market last year.

EuroDollar has specialised in the business rental market and 77 per cent of its UK rental income comes from corporate customers. In tbe year to March 31, the group reported pre-tax profits from continuing operations of £12.6m on turnover of £73.8m.

The issue, which is sponsored and fully underwritten by Schroders, comprises 22.7m shares of wbicb 18.3m are being issued by the company with the remainder sold by existing shareholders.

The offer will raise about £37.7m net of expenses, which will be used to fund the redemption of the outstanding preference share capital, *held by the institutional investors* who participated in the buy-out.

Of the total, some 17m shares have been placed with institutional and other investors and the remaining 5.68m are being offered for sale to the public.

Following the flotation, institutional shareholders will hold about 14.9m shares (30.5 per cent) and the group's directors will hold 6.98m shares, representing a 14.2 per cent stake.

Yesterday Mr Ian Mosley, chief executive, said he was pleased with the price which was broadly in line with expectations. He said the issue had received good support from "in excess of 50 institutions".

SG Warburg Securities is broker to the offer and share dealings are due to begin on July 8.

Prudential pays £73.5m for Welsh shopping centre

By Vanessa Houlder, Property Correspondent

The Prudential has bought the Cwmbran shopping centre, the largest centre in Wales, for £73.5m from Ladbroke Group and a trust belonging to Mr Leo Noe, chairman of Bourne End, the property company.

The property comprises 170 shops occupying 750,000 sq ft. Tenants include Marks and Spencer, J Sainsbury, Asda and Boots.

Ladbroke's sale of its 50 per cent stake for £36.8m represents a small surplus over book value at the end of 1993. The initial yield on the deal was about 6.5 per cent.

The deal brings the total sales of commercial property by Ladbroke this year to abont £140m. Mr Peter George, group chief executive, said that negotiations were continuing in respect of other properties and further disposals were anticipated during the remainder of the year.

The deal is the sixth property acquisition exchanged or completed by the Prudential this week. It has spent £400m on buying a Wolverhampton shopping centre, a parcel of properties from Burton Property Trust and a 50 per cent share of Wimpey's Little Britain office scheme in the City of London.

Mr Chris Taylor, property investment director of the Prudential, said that the insurer was continuing to look for potential acquisitions. "Now the investment market has gone off the boil, it is easier to find value."

● Eskmuir Properties, the property investment company owned by the Laing family, has bought £24m of investment property, to take its portfolio to a total value of about £170m.

Eskmuir said it "had taken advantage of the recent softening of the market". The average yield was more than 8 per cent.

It has bought its own building in London's West End, as well as an office building in Watford, Hertfordshire, three Leeds office buildings, and four warehouse properties.

Kewill £4m in the black and resumes dividend payments

By Alan Cane

Kewill Systems, the USM-quoted computer software and systems group, is paying dividends again, the trauma of struggles with Welgang, its ill-starred former subsidiary, behind it.

For the year to March 31 it is proposing a final of 5p, the first for two years, from earnings per share of 23p, against losses of 50.99p.

The payment is a reflection of a capital reconstruction and a much improved performance. The shares rose 9p to 284p.

Profits before tax reached a record £4.04m, compared with a loss of £5.19m restated for FRS 3 and struck after a loss of £5.63m on the sale of Weigang, a German software house.

Turnover fell 4.7 per cent to £31.8m, against £33.3m, which included £2.34m from Weigang. The decline also reflected the fall in hardware values affecting the computer industry.

Borrowings were reduced from £3.96m to £77,000 during the year and have since been reduced further. The interest charge fell from a net £809,000 to £305,000.

Kewill specialises in software for manufacturing and accountancy and has a new and fast growing interest in electronic document interchange.

Mr Kevin Overstall, chairman, said there were few signs of new investment yet among companies in the UK and Europe but trading in the US was much improved with profits up to £1.21m, compared with £280,000.

"New prodncts, improving economic conditions and further reductions in operating costs all point to continued profitable growth over the coming year" he said.

● **COMMENT**

The saga of Kewill and Weigang, purchased for a song in 1991, should serve as a cautionary tale of overseas expansion for small companies. The acquisition went wrong and Kewill's management found itself out of its depth in a foreign country and a foreign language. An investment of £500,000 turned, in two years, into a goodwill write-off of £5.6m by the time the company was disposed of to its management. During this sorry episode, however, Kewill's basic business remained sound and profitable despite the recession. Its software is generally well regarded and it is looking to acquire compatible companies – in the UK, this time. With Weigang a lesson learned, the shares, on a historic p/e of 12, are cheap.

Strong second half helps MMI recover to £1.21m

By Peter Franklin

MMI, which through a series of acquisitions has transformed itself from a sponsorship and financial marketing company into a business communications group, consolidated its recovery at the interim stage with a strong second half, reporting a pre-tax profit of £1.21m for the year to end-February.

The outcome compared with a deficit of £473,000 last time and was achieved after redundancy and other one-off costs of £128,000. Turnover rose from £733,000 to £14.7m.

Earnings per share emerged at 2.05p (2.87p losses).

In July last year the company acquired Pelham Communications and its subsidiary, Park Avenue Productions, along with Mediamix, a corporate publishing company.

The directors said that Park Avenue had had an excellent year, and made the main contribution to the profit performance.

These purchases are to be enhanced by the proposed acquisition of WMGO Group, in connection with which a placing and open offer involving the issue of 25.2m new ordinary 1p shares is being made.

Some 11.9m shares have been conditionally placed with institutional investors at 27½p apiece, subject to an open offer to existing shareholders.

On completion of the acquisition it is intended to change the company's name to WMGO Group.

Having gained the necessary approvals to reduce its share premium account by the amount of the deficit on the profit and loss account, MMI is able to pay dividends out of profits. Accordingly, directors have declared a special interim of 0.5p for the current year.

Float values UCM at £19m

By Peggy Hollinger

The weak stock market has not stopped Universal Ceramic Materials' flotation plans as the manufacturer of refractory and heating element products yesterday announced it had placed 6.97m shares at 86p, giving it a value of £19m.

UCM has had to compromise, however, on the amount of new cash it can raise. Against hopes of between £8m and £10m, it will raise just £6m. After redemption of preference shares and expenses it will receive some £2m.

Mr Bob Hughes, chief executive, said that though the climate had been difficult, he was delighted with the outcome of the placing.

Sponsors Beeson Gregory had managed to get the placing away with a price comparable to expectations just a day later than planned, after discussions with Scottish institutions earlier in the week.

Delaying the flotation any longer would have hindered plans to expand alumina capacity, to prepare for the withdrawal from the continental *European market of two large* competitors, he said.

UCM reported pre-tax profits up from £683,000 to £1.7m for 1993 on sales 12 per cent higher at £26.7m. Mr Hughes said sales in the current year were ahead of 1993.

After flotation, the company expects to be less than 20 per cent geared.

The board, which is selling 872,094 shares, is expected to hold 15 per cent of UCM. A consortium of venture capitalists will hold 40 per cent.

Grand Metropolitan sells low margin wine brands

By Peggy Hollinger

Two of the leading wine brands in the US are to change hands in a proposed deal between a US subsidiary of Grand Metropolitan and one of the country's leading wine producers.

Heublein, a GrandMet subsidiary, has signed a letter of intent *to sell Almaden* and Inglenook wines, as well as several Californian wineries, to Canandaigua Wine Company of New York.

The Almaden and Inglenook brands are the third and sixth largest selling wine brands in the US with more than 13 per cent of the overall market.

GrandMet is selling the brands as part of its focus on higher margin products. Almaden and Inglenook are cheaper, higher volume wines, with lower margins.

The businesses recorded net sales in the year ended September 30 of $235m (£155m) and were profitable, GrandMet *said. The price has not been* disclosed, and the deal must wait for regulatory approval.

It is thought the agreement will be closely examined as Canandaigua is the second largest wine producer in the US, with brands such as Paul Masson and Taylor California Cellars.

JBA coming to market via placing with £53m valuation

By Alan Cane

JBA International is coming to the market by way of a placing which values the Birmingham-based computer software house at £52.8m.

Some 11.9m ordinary shares are being placed at 160p, or 36.5 per cent of the enlarged share capital. The rest of the stock is held by the management and *institutions, although International* Business Machines bas retained its holding of just over 5 per cent.

About £12.4m is being raised. After expenses and redemption of preference shares, some £9.6m will be available to the company to help fund its expansion in mainland Europe. The placing is sponsored by Kleinwort Benson which is also underwriting the offer.

At the placing price, the p/e based on last year's earnings is 16.3, slightly lower than the sector average.

Mr Alan Vickery, chairman, said the offer price was lower than he had anticipated two months ago, but indicated the state of the market place where stocks had not only to reflect quality but also keen pricing.

JBA specialises in writing software *for IBM's AS/400 midrange computer* family; it claims to be the US computer manufacturer's largest business associate in Europe.

Pre-tax profits last year were £4.7m when about one third of its £74.5m turnover came from the US.

Mr Vickery said there had been some interest in the placing from US investors.

NEWS DIGEST

Syltone rises 18% to £2.5m

Profits before tax at Syltone advanced 18 per cent during the 12 months to March 31, underlining the encouraging stance adopted at the halfway stage by Mr Tony Clegg, chairman of the Bradford-based transport engineering group.

On turnover ahead to £39.9m (£36.7m) – some 60 per cent of the group's sales go to export markets – the pre-tax line rose from £2.13m to £2.52m. Although still short of the £2.87m reported for 1991-92, Mr Clegg said: "We are heading in the right direction and are not short of ideas for expansion."

The core business, Drum, which is the UK market leader in truck discharge equipment, reported strengthened order *books and higher profits*, although activities in continental Europe lagged growth elsewhere. The group has severed its link with Alfons Haar, its distributor in Germany.

Fully dilnted earnings per share emerged at 8.83p (7.35p). The final dividend is 3.31p, making a total of 4.935p (4.725p adjusted for scrip issue).

Vistec picks up in second half

After a patchy first half, Vistec Group, the USM-quoted computer systems and software concern, made some headway to end the year to April 30 with pre-tax profits ahead by 4 per cent to £3.41m, compared with £3.28m adjusted for FRS 3.

Turnover rose 16 per cent to £45m while earnings per share under FRS 3 came through at 2.06p (1.88p). An increased final dividend of 0.275p is recommended for a total of 0.4p (0.375p).

Vistec said second half growth was accelerated by the acquisition of ISO Communications last November and Data Logic Communication Services in February 1994. These purchases had broadened the group's range of network service products and expanded its client base.

Bullers anticipates return to the black

Bullers, the giftware and decorative products group which earlier this year expanded into media services, yesterday reported pre-tax losses of £1.23m for the six months to December 31.

The deficit, which included losses of £284,000 from discontinned operetions, compared with losses of £1.42m for the year ended *June 30 1993* and was struck on turnover of £1.6m (£2.48m).

Mr David Cunningham, chairman, stressed that the "poor" outcome preceded the acquisition of Clashfleet for a maximum £2.8m, funded by a placing and open offer, and a substantial capital reorganisation and debt conversion.

He anticipated thet "all the group's subsidiaries will be firmly into profit" in the second half of the current year with "significant profits" for 1995.

Losses per share emerged at 0.93p (1.22p).

Tepnel shares fall on higher losses

Shares in Tepnel Diagnostics, the biotechnology company, fell 28p to 121p yesterday following the announcement of increased pre-tax losses for the six months to March 31.

The shares have fallen from a high of 185p this year and are close to the price of 120p at which they were floated on the USM in September 1992, but below the 175p at which the company raised £2m in a placing in April this year.

Pre-tax losses increased from £483,000 to £1.01m as a result of increased spending on research and development. Losses per share were more than doubled at 4.4p (2.1p).

Since the period end, the company has launched one of its core products, Faras or food antibiotic residue analysis system.

The company is intending to change its name to Tepnel Life Sciences "to reflect the scope and potential of the company".

Approval for British Gas Canadian sale

British Gas has received Ontario government and regulatory approval for the sale of its 85 per cent interest in Consumers Gas of Toronto to Interprovincial Pipe Line System of Edmonton, Alberta.

In line with the agreement reached on November 19 last year British Gas will receive C$1.2bn (£566m).

Stoddard Sekers advances to £2.1m

Despite a dull trading environment, Stoddard Sekers International, the carpets and furnish*ing fabrics maker, lifted* pre-tax profits by 42 per cent from £1.51m to £2.14m in the year ended March 31.

Turnover rose 8 per cent to £59.7m (£55.4m) as a result of a full contribution from BMK (10 months in 1992-93) and the introduction of fabric supply to the automotive industry.

Interest charges fell to £820,000 (£920,000) and net earnings per share were 1p higher at 2.6p. The recommended final dividend of 0.85p makes a total of 1.6p (1.5p).

Mr Ralph Ellis, chief executive, said the group was well structured to achieve acceptable performance at the current level of activity and "we remain confident that we will be able to sustain steady positive growth".

Arthur Shaw £0.6m in the black

Arthur Shaw, the USM-quoted maker and supplier of security fittings for windows and of engineered products and services, achieved pre-tax profits of £607,000 in the year to April 3, compared with losses of £99,000.

The group returned to profitability at the interim stage and Mr Ian Tickler, chairman, said he looked forward to further profit growth in the current year. The group was continuing to expand its research and development programme and widen its range of products and markets.

Turnover improved by 20 per cent to £20.2m (£16.8m).

Earnings per share came through at 4.67p (1.58p losses) and a final dividend of 1.5p is proposed, making 2p (nil) for the year.

Ewart seeks £4.85m for expansion

Ewart, the Belfast-based property company, is seeking a net £4.85m through a placing and open offer of 9.42m shares at 55p.

Four shareholders have undertaken to accept in respect of 34.9 per cent of the issue. The balance has been placed conditionally, subject to a 1-for-2 clawback offer to existing shareholders.

The company, which is seeking a listing on the Irish Stock Exchange, is estimating pre-tax profits of not less than £1.1m (£156,000 loss) for the year to April 30, giving earnings per share of 5.06p (0.44p).

M&G Second Dual net assets rise

M&G Second Dual Trust, the split capital investment trust, reported net asset valuc per capital share up from 549.37p to 601.01p over the year to May 31.

Net revenue for the year to the end of May was £2.4m (£2.39m) for earnings per income share of 24.03p (23.87p). A proposed final dividend of 10.75p makes a total for the year of 23.97p (23.86p).

Wagon acquires Evercheck pref

Wagon Industrial Holdings has acquired the preference share capital of Evercheck, holding company of Montan Group, from the Royal Bank of Scotland for £2.5m. The consideration will be 534,188 shares which have been conditionally placed.

Wagon acquired Evercheck's ordinary share capital on March 31 for a nominal consideration.

CIA expands in Europe with AB buy

CIA Group, the advertising services company, has acquired a 34 per cent stake in AB Media, the Paris-based independent media concern.

The USM-traded group will acquire the outstanding 66 per cent within 28 days.

Consideration amounts to FFr19m (£2.2m) cash and the issue of 283,423 shares to the vendors. An additional FFr3m has been placed in escrow, payable in June 1997. A further profit-related payment of up to FFr10m may become payable in 1998.

BBA settles US litigation for $19.8m

BBA, the engineering and motor components group, has settled litigation between its Automotive Products subsidiary and Tilton Engineering out of court for a total of $19.8m (£12.8m).

The amount, payable in two instalments, will be taken as an exceptional item in BBA's current year results.

AP will be granted a licence to manufacture Tilton's carbon racing clutch, the subject of the dispute, and all outstanding claims against AP will be dropped.

BBA also announced that trading for the first five months of the year had been encouraging with the benefits of the restructuring and subsequent action on the cost base beginning to come through.

The company's shares fell 5p to 183p.

Unilever in Cuban joint venture

Unilever has formed a 50-50 joint venture to make and market detergents and toiletries in Cuba. Manufacture will be undertaken by Suchel, the Cuban state-owned company, with technical help from Unilever.

Brands in the venture will include Omo detergent, though not in its controversial new 'Power' formulation.

The agreement, involving three of Suchel's seven factories, is described as an equal partnership in operational terms. Profits will be split on a 50-50 basis.

Cluff to explore Lake Victoria

Mr Algy Cluff, chairman of Cluff Resources, the UK-based gold mining company operating in Zimbabwe and Ghana, said at the annual meeting that he expected next month to sign an agreement with the Tanzanian government for Cluff to explore an area of 190 sq km on the shores of Lake Victoria.

He said the area contained the Geita mine, once East Africa's biggest gold producer but which closed in 1966.

Development of the Freda underground gold mine in Zimbabwe was on schedule and on budget, said Mr Cluff. Recent drilling and exploration work made him confident that "the Freda mine will be producing gold well into the next century".

Next signs joint venture deal

Next, the fashion chain, has signed a joint venture agreement with The Limited to open Bath & Body Works stores in the UK.

Four stores are planned to open in the autumn after which the brand is to be developed nationally.

The Limited operates 4,658 speciality stores, including Lerner New York, Abercrombie & Fitch and Penhaligon's.

Frogmore purchases top £150m mark

Frogmore Estates, the property investment group, has announced a further spate of purchases to take its total spending during the past two years to more than £150m.

The deals include the acquisition for £3.7m of Bredero's 20 per cent interest in the 100,000 sq ft Hart Shopping Centre in Fleet, together with some adjacent land for possible expansion.

Frogmore is also acquiring the former head office site in Hertford of Addis, the brush and kitchenware maker, for £7.5m.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corresponding dividend	Total for year	Total last year
Azlan	fin	2	Aug 30	-	2	-
Kewill Systems §	fin	5	-	-	5	-
MMI	int	0.5☆	Aug 30	nil	-	nil
Shaw (Arthur) §	fin	1.5	Sept 2	nil	2	nil
Stoddard Sekers	fin	0.85	July 29	0.75	1.6	1.5
Syltone	fin	3.31	Oct 7	3.15*	4.935	4.725*
Vistec §	fin	0.275	Aug 12	0.25	0.4	0.375

Dividends shown pence per share net except where otherwise stated. §USM stock. *Adjusted for scrip. ☆ Special interim dividend for year to end-February 1995.

Low crude prices bring profits warning from Elf

By John Ridding in Paris

Elf Aquitaine, the French oil group privatised earlier this year, yesterday warned that first-half recurring operating profits would fall by about 20 per cent, compared with the same period in 1993, and that net profits would fall by a greater proportion.

In the first half of 1993, Elf achieved recurring operating profits of FFr5.6bn ($1bn) and recurring nat profits of FFr2.1bn. Yesterday, Elf shares fell by FFr14 to FFr390, compared with a price of FFr385 at which they were offered to the public in February.

Mr Philippe Jaffré, chairman, said the gronp's exploration and production activities had been hit by low crude oil prices during the first few months of the year. Although the price of Brent crude has recovered to more than $17 a barrel, the average price for tha year to date of just under $15 a barrel compares with an average of $18.30 for the first half of last year.

Mr Jaffré said the impact of this factor had been lessened hy reductions in exploration expenditures and through cost-cutting measures. However, industry analysts added that Elf was particularly sensitive to oil price movements.

"Elf is a much bigger producer than most other European oil groups, such as Total," said Mr Mark Flannery, oil and gas analyst at BZW. He said the rise in the oil price over the past few months should prompt a strong recovery in profits in Elf's exploration and prodnction businesses.

First-half profits at Elf have been affected by weak demand in the refining and marketing sector in France and other principal European markets. In addition, operating income in this sector was reduced by the costs of restructuring the company's Minol service station network in eastern Germany.

The decline in profits will be amplified at the net level because of an increase in financial charges, according to Mr Jaffré.

The Elf chairman said measures were being implemented to reduce the group's debts, which amounted to FFr52.5bn at the end of last year. He said he hoped to realise about FFr5bn from the sale of assets this year as part of his strategy of reducing borrowings at the group.

Elf sounded a positive note with respect to its chemicals operations. According to the company, restructuring measures had reduced production costs while economic recovery in Europe had led to improved sales volumes. As a consequence, Elf said there had been a "noticeable recovery of results", in the first half of the year.

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Sherritt in Cuban mining joint venture

By Bernard Simon in Toronto

Sherritt, the Canadian metals group, is to form a joint venture with Cubs's Compania General de Niquel to mine, process and market nickel and cobalt.

The partnership is the latest move by Canadian mining and energy companies to expand their presence in Cuba in the face of US economic sanctions.

Several European and Mexican industrial companies have gained a foothold in Cuba as the climata towards foreign investors improves.

The joint venture will include a mine and ore-processing facilities at Moa Bay in Cuba, as well Sherritt's refinery at Fort Saskatchewan, Alberta.

Sherritt buys a large portion of Moa Bay's output as feedstock for the refinery.

The two companies said they planned to expand and modernise the Moa Bay facilities, and would set up s joint marketing company.

France may sell CNP stake in September

By Richard Lapper

The French government could sell off part of CNP Assurances, the country's biggest life insurance company, as early as September.

Mr Patrice Ract Madoux, finance and international director, said continued weakness in the French equity markets might make the part-privatisation of CNP more feasible than that of Assurances Générales de France, the large composite insurance company which is also scheduled to be sold.

The government sold off Union des Assurances de Paris, its biggest insurer, earlier this year.

Mr Ract Madoux is expecting the government to sell a stake of between 30 per cent and 35 per cent of GNP, raising between FFr5bn and FFr6bn ($899m-$1.1bn).

The group hopes to attract an overseas investor and has been targeting potential parties in North America and Europe.

The state would retain a 40.5 per cent interest, with the savings banks owning about 10 per cent and the post office about 17.5 per cent.

"If the market is soft we may be a test for government. We are planning to be ready by early September," said Mr Ract Madoux.

"Given the state of the market it may be easier to sell a medium-sized company. It would be more digestible."

CNP has grown rapidly in recent years, increasing its sales by 50 per cent in 1993 alone.

Mr Ract Madoux said the group's sales through 17,000 post offices, 6,000 savings bank branches and 4,000 tax offices had all increased, partly because of the effectiveness of training programmes.

CNP, which specialises in a relatively simple life insurance savings product, has s market share of about 17 per cent.

The commission payments it makes to intermediaries are much smaller than those paid by France's composite companies.

Kodak hires Sculley as part-time adviser

By Martin Dickson in New York

Mr John Sculley, the former chief executive of Apple Computer, has been hired as a part-time marketing adviser by Eastman Kodak, the photographic products group in the throes of a shake-up.

Mr Sculley, who resigned as chief executive of Apple in June last year, built the computer company into a leading global brand.

He helped do the same for PepsiCo, the soft-drink manufacturer, where he was a senior executive before joining Apple in 1983.

Mr Sculley, who runs his own consulting firm in New York, will spend about 25 per cent of his tima on Kodak business, building its digital imaging and brand marketing strategies.

Mr George Fisher, the former chief executive of Motorola, the electronics group, who took over as Kodak chairman late last year, said he had worked closely with Mr Sculley for the past 10 years.

"I am confident John can belp Kodak develop a more aggressive marketing approach," ha said.

Yesterday's appointment is good news for Mr Sculley, who suffered embarrassing publicity earlier this year when he resigned from Spectrum Information Technologies, a wireless communications gronp, after less than four months as chairman, alleging that he had been deceived about accounting problems.

Mr Fisher is making sweeping changes at Kodak, which bas suffered for years from lacklustre financial results. He is keen to push the company aggressively into digital electronic imaging, which in the past has been overshadowed by the group's traditional silver halide photographic technology.

Kodak is still looking for a new senior executive to lead its digital operations and is said to have been holding talks with Mr Don Strickland, Apple's vice-president of imaging and a former Kodak employee.

Statoil refinery scheme hit by delay

By Karen Fossil in Oslo

The construction of a condensate facility to expand the Kalundborg refinery in Denmark is expected to exceed hndget by at least DKr1hn ($156m) and be delayed by at least one year, Statoil, the Norwegian state oil company and owner of the refinery, said yesterday.

The facility is intended to expand annual production capacity hy 1.5m tonnes to 4.8m tonnes and allow output of light oil products to meet stricter environmental standards. It is expected to come on stream in the fourth quarter of 1995. The budget for the project was DKr2.2bn but this was adjusted to DKr2.6bn last January.

"The increases reflect delays and deficiencies in the engineering work that have had a knock-on effect in the construction phase and have created substantial extra work," Statoil said.

The disclosure comes six years after a NKr6.4bn ($905m) cost over-run on Statoil's Mongstad refinery expansion project in Norway.

This exceeded Statoil's equity capital at the time by 27 per cent.

That budget overshoot forced the reslgnation of Mr Arve Johnsen, president and chief executive – replaced hy Mr Harald Norvik, Statoil's current president – and a far-reaching reorganisatioo of the company. The group had to seek a capital injection.

The main contractor is US-based Ralph M. .Parsons, while Exxoo is the technical adviser to the project.

"These cost overruns undermine the profitability of ths project compared with original plans. However, the project has come so far that there is no question of halting it. To ensure an acceptable completioo of the project, we have made substantial organisation changes," said Mr Norvik.

Statoil estimates the net rate of return oo the project at 6 per cent, or 10 per cent before tax.

In September, the board is to be presented with findings of an internal audit of the project which is under way. A government inquiry into the affair may be called for.

Repsol's promising new chapter

Enagas acquisition will lift Spanish energy group, writes Tom Burns

Mr Oscar Fanjul, the publicity-shy economist who is chairman of Repsol, Spain's partly-privatised energy and chemicals group, can afford a bit of chutzpah at the corporation's annnal meeting in Madrid today.

A week ago Mr Fanjul clinched an important deal, opening a promising chapter in Repsol's history.

Gas Natural, which is 45 per cent owned by Repsol, bought Enagas, the state-owned importer of natural gas and supplier to leading industries, to become the virtual monopoly importer and snpplier of gas in the fast-growing domestic market.

Repsol, whose shares are traded in London, New York, Tokyo and Madrid, becomes s hybrid among energy corporations through the addition of a greatly increased gas business to its profitable oil exploration, production, refining and marketing activities.

"Repsol is now quite unlike all the other energy groups," says Mr Luis Prota, an analyst at Madrid securities house AB Asesores. "No other oil company has this sort of big gas business, intergrating supply and sales."

The Pta51.2bn ($379m) acquisition of 91 per cent of Enagas lifts Gas Natural's quota of the domestic gas market from 41 per cent to just over 90 per cent.

Gas Natural has become the third-biggest gas company in Europe in terms of market capitalisation and the fourth in terms of clients.

	1992	1993	(1st Qtr) 1993	(1st Qtr) 1994
		Pesetas (m)		
Operating income	122.19	156.87	39.39	46.47
Net income	71.81	89.11	23.53	26.26
Cash flow after taxes	154.06	192.44	45.96	57.10
Net income per share*	239.72	267.05	78.43	87.54

*Pesetas Source: company figures

Gas Natural bought Enagas well below the Pta80bn-Pta120bn price range suggested when the takeover negotiations began nine months ago.

This pleased the markets, as did the terms of the deal. Repsol, together with La Caixa, the large Catalan savings bank that has a 25 per cent stake in Gas Nstural, avolded the investment burden of a gas pipeline being built by Enagas to link Spain to Algeria's gas fields via Morocco.

The pipeline, due to be operational by the end of 1996, will now be built by a separate company, called Sagane, thst will remain in public ownership.

Gas Natural has an option, but not an obligation as was originally intended, to buy Sagane from the government in 2000 for Pta50bn, a price that represents s fraction of the cost of the state's investment in building the fixed gas link.

The pipeline investment, and the original purchase figures, had prompted market fears that an Enagas takeover would drag down Gas Natural's profitability as well as Repsol's.

But the energy corporation struck what Mr Juan Carlos Calvo of Madrid brokers FG called "a very positive deal for itself".

Repsol officials say the takeover has given the energy corporation a new lease of life at a time when the domestic oil market, 60 per cent controlled by Repsol, has become increasingly mature.

Mr Fanjul made the gas business a priority for the corporation in 1985, shortly after he became chairman, and he now calls the strategy "one of those correct decisions of which we should feel proud".

Repsol has spent nearly 10 years working towards the Enagas acquisition. In the late 1980s it bought into regional gas distributors to build up Gas Madrid which it owned outright. In 1991 it merged Gas Madrid with the Barcelona-based Catalana de Gas, in which it had a 15 per cent stake, to create the nationwide Gas Natural company.

The acquisitions had full government support because there was concern that the fractured domestic gas market would fall prey to foreign companies. Gas Madrid's merger with Catalana de Gas, for example, pre-empted a hid for the Barcelona company hy British Gas.

Over the past five years Repsol's gas business has raised its contribution to group operating income to 25 per cent from 9 per cent. The weighting of gas within Repsol will increase because of the Enagas acquisition, but it was set to rise even without the takeover because of the new momentum the Spanish government has given to natural gas.

Under the national energy plan, which gave the go-ahead for the Algerian pipeline to lift domestic gas supply, natural gas will have doubled its contribution to national energy consumption from the current 6 per cent to at least 12 per cent by 2000.

Repsol could not have timed the expansion of its gas business better: the turnover of Gas Natural-Enagas is likely to be Pta250bn this year and is forecast to be more than Pta600bn by 2004.

Analysts believe Repsol's after-tax profit could increase annually by as much as 15 per cent over the next three years.

This is the sort of message Mr Fanjul will give to shareholders today, and the timing is favourable. Repsol is expected to make a Pta200bn-Pta300bn global share offer later this year that will reduce the government's stake in the energy group to about 20 per cent from 41 per cent.

COMMODITIES AND BOND PRICES

WEEK IN THE MARKETS

Bulls back off at metal exchange

London's commodity markets appeared to be heading for an up-beat end to the week yesterday morning with aluminium, coffee and cocoa prices registering significant gains. But the mood changed after lunch as the bulls went into retreat.

Aluminium's rise, which took the three months delivery position at the London Metal Exchange to a 39-month high of $1,505 a tonne, was encouraged by news of a big fall in exchange warehouse stocks – the third in a row – which traders saw as confirmation that the voluntary output reductions announced following the greement reached by leading producing countries in January were beginning to bite.

As the metal topped the $1,500 mark, however, concerns were raised about the possibility that more remunerative prices might encourage companies to reverse eome of the cuts.

"An awful lot of producers who have cut back must now be wondering if they should think about re-starting some of those pot-lines," Mr Anthony Bird, of industry specialists Anthony Bird and Associates, told the Reuters news agency.

That helped to undermine sentiment and by the close the three months price was back to $1,490.50 a tonne, up just $3 on the day and $20 on the week.

The copper market had already begun drawing in its horns after its spike on Thursday to a fresh 21-month high of $2,507 a tonne for three months delivery.

Renewed profit-taking trimmed more off the gains after an early rally yesterday and the three months price closed at $2,467.50 a tonne, down $16 on the day but still $20 up on balance. The selling was influenced by a smaller than expected LME stocks fall, traders said, and by improved availability of metal for immediate delivery.

"Copper will get back above $2,500 and aluminium above $1,500, once the reactions are out of the way," one trader told Reuters, however. "When that happens we will see the others being bought also."

The London Commodity Exchange robusta coffee ended a see-sawing week near its lows after a strong early rise yesterday was surrendered during the afternoon.

The rally, which lifted the September futures price by $85 to $2,325 a tonne, had been prompted by a warning of a possible frost in Brazilian growing areas at the weekend. But traders quickly came to the conclusion that the rise had been overdone, if not unjustified, and the price subsided to end at $2,255 a tonne, up $15 on the day but $79 down on the week.

"It's been a tale of rumour and counter-rumour today," a dealer told Reuters. "There was a period of shortcovering earlier, then when the forecasts were seen as not so bad there was light general selling."

"It seems it's going to be cold [in Brazil] and there's a possibility of frost," said another, "but it could be a case of buy the rumour, sell the confirmation."

Cocoa futures followed a similar pattern, and for the similar reasons. the September LCE price bounced to £991 a tonne before closing £11 down at £965. That took the fall on the week to £71.

At London's International Petroleum Exchange Brent blend crude oil futures traded uncertainly in its new, higher range, ending the week a few cents lower. But traders remained optimistic that fundamentals remained positive and that the upward trend was intact.

Richard Mooney

LME WAREHOUSE STOCKS
(As at Thursday's close)
tonnes

Aluminium	-13,675	to 2,634,750
Aluminium alloy	-140	to 30,280
Copper	-475	to 358,900
Lead	-300	to 360,350
Nickel	-30	to 132,072
Zinc	+4,800	to 1,197,125
Tin	+785	to 30,805

WEEKLY PRICE CHANGES

	Latest prices	Change on week	Year ago	1994 High	1994 Low
Gold per troy oz.	$391.70	+3.60	$376.45	$396.50	$369.50
Silver per troy oz	352.50p	-13.0	302.60p	384.50p	335.50p
Aluminium 99.7% (cash)	$1482.0	+20.5	$1206.50	$1482.00	$1107.50
Copper Grade A (cash)	$2449.0	+11.5	£1270.0	$2467.50.	$1731.50
Lead (cash)	$543.5	+0.5	$261.5	$546.5	$426.0
Nickel (cash)	$6355.0	-90.0	$5365.0	$6490	$5210.0
Zinc SHG (cash)	$983.5	-1.0	$827.5	$1014	$900.5
Tin (cash)	$5465.0	-125.0	$4975.0	$5650.0	$4730.0
Cocoa Futures Sep	£968	-70	£728	£1036	£859
Coffee Futures Sep	$2256	-79	$923	$2334	$1175
Sugar (LDP Raw)	$306.7	-2.7	$267.90	$309.4	$252.9
Barley Futures Nov	£100.25	-	£106.10	£100.25	£92.65
Wheat Futures Nov	£102.90	+0.20	£134.50	£117.60	£97.80
Cotton Outlook A Index	83.55c	-3.00	57.20c	87.10c	62.45c
Wool (64s Super)	422p	-	362p	428p	342p
Oil (Brent Blend)	$17.36x	+0.20	$17.595	$17.36	$13.18

Per tonne unless otherwise stated. p Pence/kg. c Cents lb. x Aug

BASE METALS

LONDON METAL EXCHANGE
(Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY ($ per tonne)

	Cash	3 mths
Close	1481.5-2.5	1490-1
Previous	1458-9	1487-8
High/low	1470	1507/1497
AM Official	1470-1	1497.5-8.5
Kerb close		1487-8
Open int.	276,543	
Total daily turnover	63,090	

■ ALUMINIUM ALLOY ($ per tonne)

	Cash	3 mths
Close	1455-65	1470-80
Previous	1450-5	1468-70
High/low	1460	1480/1475
AM Official	1450-5	1477-80
Kerb close		1465-75
Open int.	2,778	
Total daily turnover	796	

■ LEAD ($ per tonne)

	Cash	3 mths
Close	543-4	560-1
Previous	538-9	555.5-6
High/low		564/553
AM Official	542.5-3	558.5-9
Kerb close		562-3
Open int.	37,591	
Total daily turnover	4,587	

■ NICKEL ($ per tonne)

	Cash	3 mths
Close	6350-60	6445-50
Previous	6395-405	6485-90
High/low		6530/6420
AM Official	6335-40	6430-5
Kerb close		6450-60
Open int.	58,095	
Total daily turnover	8,524	

■ TIN ($ per tonne)

	Cash	3 mths
Close	5460-70	5541-5
Previous	5568-73	5645-50
High/low		5660/5541
AM Official	5500-10	5580-5
Kerb close		5580-90
Open int.	17,111	
Total daily turnover	7,010	

■ ZINC, special high grade ($ per tonne)

	Cash	3 mths
Close	963-4	1007-8
Previous	979.5-80.5	1004.5-5
High/low		1008/1001.5
AM Official	960-0.5	1005-6.5
Kerb close		1005-6
Open int.	105,626	
Total daily turnover	13,599	

■ COPPER, grade A ($ per tonne)

	Cash	3 mths
Close	2448.5-9.5	2467-8
Previous	2467-8	2483-4
High/low	2442/2441	2493/2453
AM Official	2441-2	2460-1
Kerb close		2470-1
Open int.	226,190	
Total daily turnover	54,235	

■ LME AM Official £/$ rate: 1.5483
LME Closing £/$ rate: 1.5460

Spot:1.5517 3 mths:1.5496 6 mths:1.5483 9 mths:1.5473

■ HIGH GRADE COPPER (COMEX)

	Close	Day's change	High	low	Open int	Vol
Jun	111.80	-1.30	112.10	111.80	233	66
Jul	111.75	-1.30	112.70	111.30	15,924	2730
Aug	112.05	-1.25	-	-	704	10
Sep	112.35	-1.15	113.30	111.90	30,409	3834
Oct	111.80	-1.05	111.80	111.60	275	-
Nov	111.80	-1.00	111.30	111.30	239	-
Total					61,318	7,436

PRECIOUS METALS

■ LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold (Troy oz.)	$ price	£ equiv.
Close	391.50-391.90	
Opening	390.80-391.20	
Morning fix	390.70	252.439
Afternoon fix	389.90	253.264
Day's High	392.00-392.40	
Day's Low	388.80-389.20	
Previous close	390.50-390.90	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	4.01	6 months	4.42
2 months	4.11	12 months	4.91
3 months	4.16		

Silver Fix	p/troy oz.	US cts equiv.
Spot	348.60	540.65
3 months	353.90	546.60
6 months	358.30	552.90
1 year	370.90	570.80

Gold Coins	$ price	£ equiv.
Krugerrand	396-399	256-259
Maple Leaf	402.80-405.35	-
New Sovereign	92-95	59-62

Precious Metals continued

■ GOLD COMEX (100 Troy oz.; $/troy oz.)

[illegible]

■ PLATINUM NYMEX (50 Troy oz.; $/troy oz.)

[illegible]

■ PALLADIUM NYMEX (100 Troy oz.; $/troy oz.)

[illegible]

■ SILVER COMEX (100 Troy oz.; Cents/troy oz.)

[illegible]

ENERGY

■ CRUDE OIL NYMEX (42,000 US galls. $/barrel)

[illegible]

■ CRUDE OIL IPE ($/barrel)

[illegible]

■ HEATING OIL NYMEX (42,000 US galls.; c/US galls.)

[illegible]

■ GAS OIL IPE ($/tonne)

[illegible]

■ NATURAL GAS NYMEX (10,000 mmBtu; $/mmBtu)

[illegible]

■ UNLEADED GASOLINE NYMEX (42,000 US galls.; c/US galls.)

[illegible]

GRAINS AND OIL SEEDS

■ WHEAT LCE (£ per tonne)

[illegible]

■ WHEAT CBT (5,000bu min; cents/60lb bushel)

[illegible]

■ MAIZE CBT (5,000 bu min; cents/56lb bushel)

[illegible]

■ BARLEY LCE (£ per tonne)

[illegible]

■ SOYABEANS CBT (5,000bu min; cents/60lb bushel)

[illegible]

■ SOYABEAN OIL CBT (60,000lbs; cents/lb)

[illegible]

■ SOYABEAN MEAL CBT (100 tons; $/ton)

[illegible]

■ POTATOES LCE (£/tonne)

[illegible]

■ FREIGHT (BIFFEX) LCE ($10/index point)

[illegible]

Spices

[illegible]

SOFTS

■ COCOA LCE (£/tonne)

[illegible]

■ COCOA CSCE (10 tonnes; $/tonnes)

[illegible]

■ COCOA (ICCO) (SDR's/tonne)

[illegible]

■ COFFEE LCE ($/tonne)

[illegible]

■ COFFEE 'C' CSCE (37,500lbs; cents/lbs)

[illegible]

■ COFFEE (ICO) (US cents/pound)

[illegible]

■ No7 PREMIUM RAW SUGAR LCE (cents/lbs)

[illegible]

■ WHITE SUGAR LCE ($/tonne)

[illegible]

■ SUGAR '11' CSCE (112,000lbs; cents/lbs)

[illegible]

■ COTTON NYCE (50,000lbs; cents/lbs)

[illegible]

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

[illegible]

VOLUME DATA
Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME, CSCE and IPE Crude Oil are one day in arrears.

INDICES

■ REUTERS (Base: 18/9/31=100)

[illegible]

■ CRB Futures (Base: 1967=100)

[illegible]

MEAT AND LIVESTOCK

■ LIVE CATTLE CME (40,000lbs; cents/lbs)

[illegible]

■ LIVE HOGS CME (40,000lbs; cents/lbs)

[illegible]

■ PORK BELLIES CME (40,000lbs; cents/lbs)

[illegible]

LONDON TRADED OPTIONS

Strike price $ tonne — Calls — — Puts —

■ ALUMINIUM (99.7%) LME	Aug	Nov	Aug	Nov
1450	59	100	31	50
1475	44	86	42	61
1500	33	74	56	73
■ COPPER (Grade A) LME	Aug	Nov	Aug	Nov
2400	107	138	36	84
2450	78	110	59	118
2500	54	89	86	146
■ COFFEE LCE	Jul	Sep	Jul	Sep
2200	184	237	170	234
2250	165	219	206	265
2300	146	201	240	296
■ COCOA LCE	Jul	Sep	Jul	Sep
925	71	92	30	74
1000	61	71	65	98
1050	44	65	120	120
■ BRENT CRUDE IPE	Aug	Sep	Aug	Sep
1650	-	-	18	40
1700	-	81	26	60
1750	34	58	50	-

LONDON SPOT MARKETS

■ CRUDE OIL FOB (per barrel/Aug)		+or-
Dubai	$16.08-6.16q	+0.105
Brent Blend (dated)	$17.30-7.34	+0.05
Brent Blend (Aug)	$17.34-7.38	+0.10
W.T.I. (1pm est)	$18.25-8.28	+0.13

■ OIL PRODUCTS NWE prompt delivery CIF (tonne)		
Premium Gasoline	$184-186	
Gas Oil	$155-156	+1.0
Heavy Fuel Oil	$90-92	+0.5
Naphtha	$164-166	+1.0
Jet Fuel	$166-168	+1.0

Petroleum Argus Estimates

■ OTHER		
Gold (per troy oz)♣	$391.70	+1.00
Silver (per troy oz)♣	545.50c	-3.00
Platinum (per troy oz.)	$404.00	-1.10
Palladium (per troy oz.)	$138.25	
Copper (US prod.)	117.0c	
Lead (US prod.)	35.75c	
Tin (Kuala Lumpur)	14.30m	-0.04
Tin (New York)	258.50c	-3.00
[illegible]	[illegible]	[illegible]

£ per tonne unless otherwise stated. p pence/kg. c cents/lb. r ringgit/kg. m Malaysian cents/kg. q Aug. x Jun/Jul. ♣ London Physical. § CIF Rotterdam. ‡ Bullion market close. ♣ Sheep (Live weight prices). * Change on week, provisional

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Day's change	Yield	Week ago	Month ago
Australia		9.000	09/04	96.0600	-0.060	9.61	9.23	8.71
Belgium		7.250	04/04	95.2500	+0.050	7.96	8.11	7.76
Canada *		6.500	06/04	81.5000	-0.950	9.41	9.19	8.55
Denmark		7.000	12/04	91.9700	+0.020	8.19	8.35	7.75
France	BTAN	8.000	05/98	103.6300	+0.170	7.03	7.63	6.46
	OAT	5.500	04/04	86.1700	+0.190	7.54	7.78	7.18
Germany Treuhand		6.750	05/04	97.7200	-0.570	7.08	7.14	6.83
Italy		8.500	01/04	88.4000	-0.660	10.45†	10.77	9.72
Japan	No 119	4.800	06/99	104.9000	+0.480	3.64	3.73	3.04
	No 164	4.100	12/03	98.9190	+0.990	4.26	4.41	3.73
Netherlands		5.750	01/04	90.7000	-0.420	7.12	7.24	6.96
Spain		10.500	10/03	99.0600	-0.400	10.64	10.53	9.71
UK Gilts		6.000	08/99	90-14	-10/32	8.33	8.26	8.10
		6.750	11/04	87-04	-17/32	8.64	8.64	8.39
		9.000	10/08	102-24	-17/32	8.66	8.63	8.49
US Treasury *		7.250	05/04	100-11	-26/32	7.20	7.12	7.17
		6.250	08/23	85-05	-35/32	7.51	7.43	7.42
ECU (French Govt)		9.000	04/04	87.3600	+0.710	7.89	8.15	7.63

London closing, *New York mid-day. Yields: Local market standard.
† Gross (including withholding tax at 12.5 per cent payable by nonresidents)
Prices: US, UK in 32nds, others in decimal. Source: MMS International

US INTEREST RATES

Lunchtime | Treasury Bills and Bond Yields

Prime rate	7¼	One month	3.74	Two year	[illegible]
Broker loan rate	5⅞	Two month	4.10	Three year	[illegible]
Fed.funds	4⅜	Three month	4.25	Five year	[illegible]
Fed.funds at intervention	-	Six month	4.75	10-year	[illegible]
		One year	5.34	30-year	[illegible]

BOND FUTURES AND OPTIONS

France
■ NOTIONAL FRENCH BOND FUTURES (MATIF)

[illegible]

■ LONG TERM FRENCH BOND OPTIONS (MATIF)

[illegible]

Germany
■ NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100%

[illegible]

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

[illegible]

■ NOTIONAL MEDIUM TERM GERMAN GOVT. BOND (BOBL)(LIFFE)* DM250,000 100ths of 100%

[illegible]

Italy
■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lira 200m 100ths of 100%

[illegible]

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

[illegible]

Spain
■ NOTIONAL SPANISH BOND FUTURES (MEFF)

[illegible]

UK
■ NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%

[illegible]

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

[illegible]

Ecu
■ ECU BOND FUTURES (MATIF)

[illegible]

US
■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

[illegible]

Japan
■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%

[illegible]

* LIFFE contracts traded on APT. All Open Interest figs. are for previous day.

FT-ACTUARIES FIXED INTEREST INDICES

[illegible]

FT FIXED INTEREST INDICES

[illegible]

GILT EDGED ACTIVITY INDICES

[illegible]

UK GILTS PRICES

[illegible]

Other Fixed Interest

[illegible]

ECONOMIC DIARY – FORWARD EVENTS

TOMORROW: Ukrainian presidential election. Summit of CFA franc zone heads of state in Libreville.

MONDAY: GB cinema exhibitors (first quarter). US existing home sales (May). European Union research council meets in Luxembourg. Nigerian constitutional conference begins in Abuja. Offer begins for privatisation of INA, the Italian state-owned insurer. US and Canadian trade and agriculture ministers meet in Chicago to resolve their farm-trade dispute. Rail Maritime and Transport workers union conference in Liverpool (until July 1). Official launch of Channel Tunnel railfreight services. Preliminary figures from Seeboard and Norweb.

TUESDAY: Major British banking groups' mortgage lending (May). UK Treasury releases revised economic forecasts. US new home sales (May); consumer confidanca (June). North-South Korea pre-summit talks. Hungarian parliament scheduled to convene for first time since Socialists secured absolute majority in May elections. British Coal publishes annual report.

WEDNESDAY: Welsh economic trends (1994). US final GDP (first quarter); factory orders (May); personal income/spending (May) and factory orders (May). Japan's industrial production figures (May). Hong Kong's legislative council debates democratic reform bill. RMT signalmen expected to stage one-day strike. Henley Royal Regatta begins.

THURSDAY: New vehicle registrations (May). Energy trends (June). Economic trends (June). Monthly digest of statistics (June). Family expenditure survey 1993. New Zealand budget to be presented to parliament. British parliamentary by-election in the seat of Monklands East.

FRIDAY: US leading indicators (May); NAPM index (June); construction spending (May). Germany takes over the presidency of the European Union. Brazil to introducs new currency. Spring-summer men's fashion shows start in Paris (until July 4). Russia's oil export quotas and licences for extracting companies due to be scrapped.

CURRENCIES AND MONEY

MARKETS REPORT

Support fails

Central banks launched large scale co-ordinated intervention to support the dollar but the US currency was unable to sustain brief gains, *writes Motoko Rich*.

Taking their lead from the US Federal Reserve, a legion of central banks repeatedly purchased the dollar in a move the markets had been anticipating all week.

The dollar at first rallied after the intervention began in the European afternoon, gaining more than a yen and about a pfennig and a half. But although the Fed was still seen purchasing the US currency after 3:00 pm GMT, the dollar lost most of its ground by the close of London trading.

The dollar ended in London at DM1.5972, down from DM1.6035. Against the yen, it closed at Y100.900, down from Y101.150.

■ Analysts said the intervention had reinforced market cynicism about central bank action. "The intervention has been a miserable failure," said Mr Tony Norfield, UK treasury economist at ABN/AMRO bank. "They have not scared off any speculative trading."

Although later denied, reported comments from Bank of Japan governor Yasushi Mieno about the inability of intervention to "dictate currency levels" kept the markets bearish.

■ Pound in New York

Jun 24	—Latest—	— Prev. close —
£ spot	1.5515	1.5385
1 mth	1.5508	1.5377
3 mth	1.5495	1.5368
1 yr	1.5440	1.5311

The dollar was lolling below Y100.50 and DM1.5950 when the Fed began the concerted intervention around 1330 GMT by buying dollars for Y100.95. It then followed about ten minutes later by buying the US currency for DM1.6070/80. In the meantime, other central banks had also started to buy the dollar.

As many as 17 central banks bought dollars in an effort similar to the group action taken on May 4. The extent of the intervention was understood to be between $2bn and $3bn, primarily from the Fed.

The central banks briefly turned sentiment towards the dollar, which rose to a high of around DM1.61 and Y101.90. But the action failed to push the dollar above key technical levels which analysts placed at DM1.6250 and Y102.50.

"We have to see the intervention pushing the dollar to these key levels," said Mr Paul Chertkow, head of global currency research at UBS. "Without that we would expect the technical aspects of trading to remain bearish."

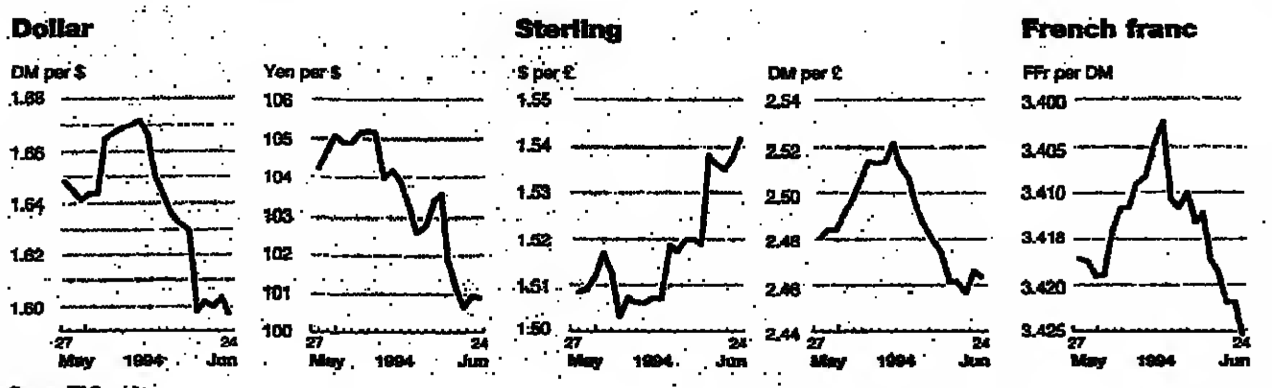
Mr Chertkow said the central bank move came too late. "If it had occured last week when the pressure first began, then maybe it would have turned the market," he said.

■ Sterling had a banner day against the dollar, closing at $1.5422 from $1.5386, and rising above the $1.55 level in after-hours trading. Against the D-Mark, it closed in London at DM2.463, from DM2.4671.

A significant drop in the UK current account deficit for the first quarter gave the pound a boost, while the ailing dollar gave sterling further support.

In the UK money markets, the Bank of England provided liquidity of £159m after forecasting a revised shortage of £650m. The bank provided late assistance of £390m.

■ In Europe, the D-Mark remained strong against the crosses. Against the French franc, it closed in London at FFr3.425 from FFr3.422 and against the lira, it closed at L984.6 from L982.6. Against the strong Swiss franc, however, the D-Mark closed at SFr0.838, down from SFr0.842.



Source: FT Graphite

■ OTHER CURRENCIES

Jun 24	£	$
Hungary	157.679 - 157.905	102.270 - 102.370
Iran	2684.00 - 2691.00	1748.00 - 1750.00
Kuwait	0.4564 - 0.4578	0.2959 - 0.2968
Poland	34474.6 - 34528.8	22360.0 - 22385.0
Russia	3085.86 - 3084.40	1990.00 - 2000.00
U.A.E.	5.6685 - 5.7036	3.6715 - 3.6735

POUND SPOT FORWARD AGAINST THE POUND

Jun 24		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	Day's Mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	Bank of Eng. Index
Europe													
Austria	(Sch)	17.3993	+0.0591	918 - 071	17.4572	17.2299	17.3384	0.6	17.3899	0.2	-	-	114.6
Belgium	(BFr)	50.7676	-0.0507	252 - 100	51.0880	50.4830	50.8083	0.2	50.8126	-0.4	50.8326	-0.1	115.9
Denmark	(DKr)	9.6770	-0.0167	709 - 830	6.7171	9.6229	9.7014	-1.0	9.6865	-0.9	6.7126	-0.4	116.1
Finland	(FM)	8.1774	-0.0252	678 - 870	8.2390	8.1440	-	-	-	-	-	-	81.5
France	(FFr)	8.4379	-0.0049	338 - 421	8.4558	8.3812	8.4461	-0.5	8.4467	-0.4	8.4434	-0.1	109.9
Germany	(DM)	2.4630	-0.0041	919 - 641	2.4798	2.4485	2.4672	0.0	2.4619	0.2	2.442	0.9	125.0
Greece	(Dr)	372.507	-0.361	191 - 822	375.851	370.542	-	-	-	-	-	-	-
Ireland	(I£)	1.0164	-0.0009	153 - 175	1.0225	1.0102	1.0176	-0.4	1.0176	-0.5	1.0187	-0.2	104.5
Italy	(L)	2425.27	+1.05	371 - 682	2438.94	2409.58	2430.62	-3.2	2444.67	-3.2	2483.52	-2.8	76.9
Luxembourg	(LFr)	50.7676	-0.0507	252 - 100	51.0680	50.4830	50.7676	0.2	50.8126	-0.4	50.8326	-0.1	115.8
Netherlands	(Fl)	2.7631	-0.002	917 - 645	2.7738	2.7436	2.7631	0.0	2.762	0.2	2.7407	0.8	119.8
Norway	(NKr)	10.7229	-0.012	189 - 269	10.7708	10.6658	10.7173	0.6	10.7296	-0.3	10.721	0.0	86.1
Portugal	(Es)	254.763	-0.483	551 - 975	256.204	253.105	255.738	-4.6	257.683	-4.6	-	-	-
Spain	(Pta)	204.104	-0.562	980 - 227	205.294	202.884	204.564	-2.7	205.534	-2.8	208.604	-2.2	85.2
Sweden	(SKr)	11.8289	-0.0177	204 - 373	11.9041	11.7833	11.8519	-2.3	11.8869	-2.0	11.9849	-1.8	75.3
Switzerland	(SFr)	2.0642	-0.0121	629 - 654	2.0780	2.0602	2.0626	0.8	2.0595	0.8	2.0348	1.4	120.5
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	80.0
Ecu	-	1.2860	-0.0002	852 - 868	1.2898	1.2782	1.2869	-0.8	1.2833	0.8	1.289	-0.2	-
SDR†	-	0.939078	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.5386	+0.0035	381 - 390	1.5476	1.5300	-	-	-	-	-	-	-
Brazil	(Cr)	3927.91	+83.4	696 - 885	3942.00	3801.00	-	-	-	-	-	-	-
Canada	(C$)	2.1415	+0.0117	405 - 425	2.1546	2.1274	2.1433	-1.0	2.1496	-1.5	2.1804	-1.8	85.7
Mexico	(New Peso)	5.2256	+0.0168	205 - 306	5.2493	5.2019	-	-	-	-	-	-	-
USA	($)	1.5422	+0.0038	416 - 425	1.5512	1.5335	1.5414	0.6	1.5401	0.5	1.5342	0.5	63.6
Pacific/Middle East/Africa													
Australia	(A$)	2.1178	+0.0225	164 - 188	2.1277	2.0957	2.1169	0.4	2.1153	0.4	2.1144	0.2	-
Hong Kong	(HK$)	11.9185	+0.0255	150 - 220	11.9889	11.8524	11.9104	0.8	11.9066	0.4	11.9334	-0.1	-
India	(Rs)	48.3754	+0.113	586 - 921	48.8570	48.1100	-	-	-	-	-	-	-
Japan	(Y)	155.603	-0.022	491 - 715	156.670	154.190	155.223	2.9	154.403	3.1	150.153	3.5	188.1
Malaysia	(M$)	3.9942	+0.0139	925 - 958	4.0145	3.9748	-	-	-	-	-	-	-
New Zealand	(NZ$)	2.6189	+0.0188	172 - 206	2.6264	2.6014	2.6182	0.3	2.6217	-0.4	2.6283	-0.4	-
Philippines	(Peso)	41.6361	+0.0871	202 - 580	42.0284	40.6611	-	-	-	-	-	-	-
Saudi Arabia	(SR)	5.7833	+0.013	819 - 546	5.8170	5.7511	-	-	-	-	-	-	-
Singapore	(S$)	2.3553	+0.0041	543 - 562	2.3674	2.3435	-	-	-	-	-	-	-
S Africa (Com.)	(R)	5.5907	+0.0342	883 - 931	5.5955	5.4896	-	-	-	-	-	-	-
S Africa (Fin.)	(R)	7.3062	+0.0278	881 - 222	7.3222	7.2868	-	-	-	-	-	-	-
South Korea	(Won)	1243.90	+3.75	331 - 449	1250.89	1237.23	-	-	-	-	-	-	-
Taiwan	(T$)	41.5224	+0.0181	744 - 704	41.7897	41.3278	-	-	-	-	-	-	-
Thailand	(Bt)	38.6771	+0.1056	529 - 013	38.7015	38.6525	-	-	-	-	-	-	-

†SDR rate for Jun 23. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1985 = 100. Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Jun 24		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	Day's mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	J.P. Morgan index
Europe													
Austria	(Sch)	11.2825	+0.012	800 - 850	11.2850	11.1810	11.287	-0.5	11.295	-0.4	11.2325	0.4	103.7
Belgium	(BFr)	32.9200	-0.11	000 - 400	33.1440	32.7550	32.9425	-0.8	32.99	-0.9	33.05	-0.4	105.1
Denmark	(DKr)	6.2750	-0.0255	725 - 775	6.3055	6.2725	6.284	-1.7	6.303	-1.8	6.3475	-1.2	104.8
Finland	(FM)	5.3026	-0.0288	976 - 076	5.3442	5.2839	5.3058	-0.7	5.3196	-1.2	5.3851	-1.6	75.9
France	(FFr)	5.4718	-0.018	700 - 730	5.5080	5.4445	5.4764	-1.1	5.4844	-0.9	5.4473	0.4	105.4
Germany	(D)	1.5972	-0.0063	968 - 975	1.6102	1.5885	1.5981	-0.6	1.5985	-0.3	1.5918	0.3	105.9
Greece	(Dr)	241.550	-0.3	400 - 700	243.100	240.100	242.9	-6.7	243.75	-3.6	246.05	-1.6	68.9
Ireland	(I£)	1.5173	+0.0049	160 - 185	1.5248	1.5052	1.5169	1.1	1.5132	1.1	1.5048	0.5	-
Italy	(L)	1572.85	-3	200 - 330	1581.00	1565.75	1577.6	-3.6	1587.3	-3.7	1625.15	-3.3	77.5
Luxembourg	(LFr)	32.9200	-0.11	000 - 400	33.1440	32.7550	32.9425	-0.8	32.99	-0.9	33.05	-0.4	105.1
Netherlands	(Fl)	1.7917	-0.0065	912 - 922	1.8096	1.7818	1.7925	-0.5	1.7939	-0.4	1.7865	0.5	105.0
Norway	(NKr)	6.9532	-0.0241	522 - 542	7.0006	6.9190	6.9577	-0.9	6.9722	-1.1	6.8722	1.2	85.2
Portugal	(Es)	165.200	-0.7	100 - 300	166.300	164.230	166.855	-12.0	169.275	-9.9	173.55	-5.1	93.2
Spain	(Pta)	132.350	-0.675	300 - 400	133.000	131.780	132.715	-3.3	133.45	-3.3	135.96	-2.7	80.4
Sweden	(SKr)	7.6704	-0.0295	666 - 741	7.7242	7.6369	7.6884	-2.8	7.7214	-2.7	7.8694	-2.9	80.5
Switzerland	(SFr)	1.3385	-0.011	380 - 390	1.3510	1.3330	1.3363	0.2	1.3373	0.4	1.3264	0.9	106.0
UK	(£)	1.5422	+0.0038	419 - 425	1.5512	1.5335	1.5414	0.6	1.5401	0.5	1.5342	0.5	88.5
Ecu	-	1.1992	+0.0029	987 - 997	1.2055	1.1917	1.1976	1.5	1.1951	1.4	1.2082	-0.9	-
SDR†	-	1.43754	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	0.9977	-0.0001	976 - 977	0.9978	0.9978	-	-	-	-	-	-	-
Brazil	(Cr)	2547.04	+48.25	700 - 707	2547.07	2457.00	-	-	-	-	-	-	-
Canada	(C$)	1.3887	+0.0044	883 - 890	1.3901	1.3870	1.3906	-1.8	1.3958	-2.0	1.4219	-2.3	82.6
Mexico	(New Peso)	3.3885	+0.003	860 - 810	3.3910	3.3880	3.3895	-0.4	3.3913	-0.3	3.3987	-0.3	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	98.2
Pacific/Middle East/Africa													
Australia	(A$)	1.3727	+0.0109	727 - 726	1.3749	1.3620	1.373	-0.3	1.3732	-0.1	1.3769	-0.3	87.4
Hong Kong	(HK$)	7.7285	-0.0015	280 - 290	7.7295	7.7280	7.728	0.1	7.7305	-0.1	7.7447	-0.2	-
India	(Rs)	91.3666	-	650 - 725	91.3726	31.3650	31.4486	-3.1	91.5698	-2.9	-	-	-
Japan	(Y)	100.900	-0.25	850 - 950	101.950	99.9900	100.705	2.3	100.255	2.6	97.88	3.0	148.6
Malaysia	(M$)	2.5900	+0.003	895 - 905	2.5910	2.5882	2.5825	3.5	2.579	1.7	2.61	-0.8	-
New Zealand	(NZ$)	1.6982	+0.0065	975 - 980	1.6989	1.6909	1.7	-1.3	1.7046	-1.5	1.7283	-1.7	-
Philippines	(Peso)	27.0000	-	000 - 000	27.2000	26.8000	-	-	-	-	-	-	-
Saudi Arabia	(SR)	3.7502	-0.0003	500 - 503	3.7503	3.7500	3.7508	-0.2	3.7528	-0.3	3.7655	-0.4	-
Singapore	(S$)	1.5273	-0.0008	270 - 275	1.5281	1.5258	1.5265	0.6	1.5262	0.3	1.5283	-0.1	-
S Africa (Com.)	(R)	3.6253	+0.0138	245 - 260	3.6260	3.5700	3.6408	-5.1	3.6691	-4.8	3.7458	-3.3	-
S Africa (Fin.)	(R)	4.7370	+0.007	270 - 470	4.7470	4.7200	4.7707	-8.5	4.8295	-7.8	-	-	-
South Korea	(Won)	806.600	+0.55	400 - 800	806.800	806.300	809.6	-4.5	913.1	-3.2	831.8	-3.1	-
Taiwan	(T$)	26.9250	-0.0513	000 - 500	26.9800	26.9000	26.945	-0.9	26.985	-0.9	-	-	-
Thailand	(Bt)	25.0800	+0.01	700 - 900	25.0900	25.0400	25.1525	-3.5	25.28	-3.2	25.76	-2.7	-

†SDR rate for Jun 23. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland & ECU are quoted in US currency. J.P. Morgan nominal indices Jun 23. Base average 1990=100

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Jun 24		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	19.06	16.62	4.862	2.002	4777	5.443	21.12	501.8	402.1	23.29	4.066	1.970	4.216	3.038	306.5	2.533
Denmark	(DKr)	52.45	10	8.719	2.545	1.050	2506	2.855	11.08	263.2	210.3	12.21	2.133	1.033	2.212	1.593	160.8	1.329
France	(FFr)	60.16	11.47	10	2.919	1.204	2874	3.275	12.71	301.8	241.8	14.01	2.446	1.185	2.538	1.828	184.4	1.524
Germany	(DM)	20.61	3.929	3.425	1	0.413	984.6	1.122	4.352	103.4	82.87	4.799	0.838	0.406	0.869	0.626	63.17	0.522
Ireland	(I£)	49.96	9.525	8.304	2.424	1	2387	2.719	10.55	250.7	200.9	11.63	2.031	0.984	2.107	1.519	153.1	1.266
Italy	(L)	2.093	0.399	0.348	0.102	0.042	100.	0.114	0.442	10.50	3.419	0.487	0.085	0.041	0.088	0.064	6.416	0.053
Netherlands	(Fl)	18.37	3.502	3.054	0.891	0.368	877.7	1	3.880	92.18	73.87	4.278	0.747	0.362	0.775	0.558	56.32	0.465
Norway	(NKr)	47.35	9.027	7.870	2.298	0.948	2262	2.577	10	237.6	190.4	11.03	1.925	0.933	1.997	1.438	145.1	1.200
Portugal	(Es)	19.93	3.799	3.313	0.967	0.399	952.1	1.085	4.209	100.	80.13	4.641	0.810	0.393	0.841	0.605	61.09	0.505
Spain	(Pta)	24.87	4.741	4.134	1.207	0.498	1188	1.354	5.252	124.8	100.	5.791	1.011	0.490	1.049	0.756	76.24	0.630
Sweden	(SKr)	42.94	8.187	7.138	2.084	0.860	2052	2.338	9.069	215.5	172.7	10	1.746	0.846	1.811	1.305	131.6	1.088
Switzerland	(SFr)	24.59	4.688	4.088	1.193	0.492	1175	1.339	5.194	123.4	98.89	5.727	1	0.484	1.037	0.747	75.39	0.623
UK	(£)	50.76	9.677	8.437	2.463	1.016	2426	2.763	10.72	254.7	204.1	11.82	2.064	1	2.141	1.542	155.6	1.286
Canada	(C$)	23.71	4.520	3.941	1.150	0.475	1133	1.291	5.007	119.0	95.33	5.521	0.964	0.467	1	0.720	72.68	0.601
US	($)	32.92	6.276	5.471	1.597	0.659	1573	1.792	6.952	165.2	132.4	7.665	1.339	0.649	1.388	1	100.9	0.834
Japan	(Y)	326.2	62.19	54.22	15.83	6.530	15585	17.76	68.89	1637	1312	75.96	13.26	6.427	13.76	9.910	1000.	8.265
Ecu		39.47	7.525	6.561	1.915	0.790	1886	2.149	8.336	198.1	158.7	9.191	1.605	0.778	1.665	1.199	121.0	1

Yen per 1,000; Danish Kroner, French Franc, Norwegian Kroner, and Swedish Kronor per 10; Belgian Franc, Escudo, Lira and Peseta per 100.

EMS EUROPEAN CURRENCY UNIT RATES

Jun 24	Ecu cen. rates	Rate against Ecu	Change on day	% +/- from cen. rate	% spread v weakest	Div. ind.
Ireland	0.808628	0.793205	-0.000396	-1.91	5.23	13
Netherlands	2.19672	2.15806	+0.00033	-1.86	5.17	-
Belgium	40.2123	39.6239	+0.0087	-1.46	4.75	11
Germany	1.94964	1.92386	+0.00007	-1.32	4.61	-
France	6.53883	6.58930	+0.00636	0.77	2.43	-6
Denmark	7.43679	7.55364	-0.00119	1.57	1.63	-11
Portugal	192.854	198.832	-0.119	3.10	0.12	-21
Spain	154.250	159.220	-0.584	3.22	0.00	-22
NON ERM MEMBERS						
Greece	264.513	290.740	+0.061	9.92	-0.09	-
Italy	1793.19	1895.95	+4.95	5.73	-2.37	-
UK	0.786749	0.779678	-0.002383	-0.90	4.19	-

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
(17/9/92) Sterling and Italian Lira suspended from ERM. Adjustment calculated by the Financial Times.

■ D-MARK FUTURES (IMM) DM 125,000 per DM

	Open	Latest	Change	High	Low	Est. vol	Open int.
Sep	0.6231	0.6268	+0.0033	0.6285	0.6225	28,710	78,587
Dec	0.6259	0.6272	+0.0038	0.6284	0.6259	154	2,176
Mar	-	0.6250	-	-	-	49	710

■ JAPANESE YEN FUTURES (IMM) Yen 12.5 per Yen 100

	Open	Latest	Change	High	Low	Est. vol	Open int.
Sep	0.9938	1.0010	+0.0065	1.0054	0.9919	19,857	60,277
Dec	1.0100	1.0078	+0.0062	1.0100	1.0003	393	2,993
Mar	-	1.0150	-	1.0150	-	2	444

■ PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per pound)

Strike Price	CALLS Jul	CALLS Aug	CALLS Sep	PUTS Jul	PUTS Aug	PUTS Sep
1.450	9.50	9.49	9.55	-	1.04	0.24
1.475	7.10	7.22	7.43	-	0.20	0.54
1.500	4.76	5.09	5.50	0.14	0.56	1.02
1.525	2.69	3.27	3.82	0.58	1.23	1.82
1.550	1.24	1.92	2.50	1.56	2.31	2.93
1.575	0.44	1.01	1.54	3.21	3.831	4.44

Previous day's vol., Calls 50,729 Puts 34,943 . Prev. day's open int., Calls 547,122 Puts 426,914

■ SWISS FRANC FUTURES (IMM) SFr 125,000 per SFr

	Open	Latest	Change	High	Low	Est. vol	Open int.
Sep	0.7422	0.7480	+0.0058	0.7436	0.7380	19,378	48,855
Dec	0.7497	0.7487	+0.0061	0.7447	0.7422	489	944
Mar	-	0.7458	-	-	-	2	7

■ STERLING FUTURES (IMM) £62,500 per £

	Open	Latest	Change	High	Low	Est. vol	Open int.
Sep	1.5364	1.5462	+0.0072	1.5460	1.5384	9,912	38,753
Dec	1.5440	1.5430	-	1.5450	1.5430	41	354
Mar	-	1.5430	-	1.5430	-	1	17

WORLD INTEREST RATES

MONEY RATES

June 24	Over night	One month	Three mths	Six mths	One year	Lomb. inter.	Dis. rate	Repo rate
Belgium	5⅛	5⅜	5⅜	5⅞	6¼	7.40	4.50	-
week ago	5⅛	5⅜	5½	5⅝	5⅞	7.40	4.50	-
France	5⅛	5⅝	5⅜	5⅞	6⅛	5.30	-	6.75
week ago	5⅝	5½	5½	5⅝	6⅛	5.30	-	6.75
Germany	4.90	4.95	4.95	5.00	5.19	9.06	4.60	5.05
week ago	5.00	4.95	5.00	5.00	5.15	6.00	4.50	5.05
Ireland	5⅜	5⅞	5⅜	5⅞	6¼	-	-	6.25
week ago	5⅜	5⅞	5⅜	5⅞	6¼	-	-	6.25
Italy	8¼	8⅜	8⅝	8⅝	9⅛	-	7.00	7.60
week ago	8⅛	8⅜	8	8¼	8⅞	-	7.00	7.60
Netherlands	4.97	4.99	5.01	5.06	5.25	-	5.25	-
week ago	5.03	4.99	5.01	5.05	5.20	-	5.25	-
Switzerland	4	4¼	4⅜	4⅞	4⅞	6.625	3.50	-
week ago	4⅛	4¼	4⅜	4½	4¾	6.625	3.50	-
US	4½	4⅝	4⅝	4⅞	5⅜	-	3.50	-
week ago	4⅜	4⅝	4½	4⅞	5⅜	-	3.50	-
Japan	2⅛	2⅛	2⅛	2⅛	2⅜	-	1.75	-
week ago	2⅛	2⅛	2⅛	2⅛	2½	-	1.75	-
■ $ LIBOR FT London								
Interbank Fixing	-	4⅞	4⅞	5	5⅝	-	-	-
week ago	-	4⅞	4⅞	4⅞	5⅞	-	-	-
US Dollar CDs	-	4.20	4.42	4.75	5.34	-	-	-
week ago	-	4.20	4.36	4.68	5.24	-	-	-
SDR Linked Ds	-	3½	3⅝	3⅞	4	-	-	-
week ago	-	3½	3⅝	3⅞	4	-	-	-

ECU Linked Ds mid rates: 1 mth: 5⅞; 3 mths: 5⅞; 6 mths: 5⅞; 1 year: 6¼. $ LIBOR interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo, Barclays and National Westminster.
Mid rates are shown for the domestic Money Rates, US $ CDs and SDR Linked Deposits (Ds).

EURO CURRENCY INTEREST RATES

Jun 24	Short term	7 days notice	One month	Three months	Six months	One year
Belgian Franc	5⅛ - 5	5⅛ - 5	5⅜ - 5¼	5⅜ - 5⅛	5⅞ - 5⅝	6 - 5⅞
Danish Krone	5¾ - 5	5¾ - 5½	6 - 5¾	6⅛ - 5⅞	6¼ - 6	6¼ - 9
D-Mark	5⅛ - 4⅞	5 - 4⅞	5 - 4⅞	5 - 4⅞	5 - 4⅞	5¼ - 5⅛
Dutch Guilder	5 - 4⅞	5 - 4⅞	5⅛ - 5	5⅛ - 5	5⅜ - 5¼	5¼ - 5⅛
French Franc	5½ - 5⅜	5½ - 5⅜	5½ - 5⅜	5⅝ - 5½	5¾ - 5⅝	6⅛ - 6
Portuguese Esc.	15⅞ - 15¼	18 - 15	15⅞ - 15⅜	14⅜ - 13⅝	13⅜ - 12⅞	12⅜ - 11⅞
Spanish Peseta	7½ - 7⅜	7⅝ - 7⅜	7⅝ - 7⅜	8 - 7⅞	8⅜ - 8	8⅝ - 8⅜
Sterling	5⅛ - 4⅞	5 - 4⅞	4⅞ - 4⅞	5⅜ - 5⅛	5½ - 5⅜	6⅛ - 6
Swiss Franc	3⅞ - 3¾	3⅞ - 3⅞	4 - 3⅞	4¼ - 4⅛	4⅜ - 4¼	4½ - 4⅜
Can. Dollar	5⅝ - 5½	5¾ - 5½	9 - 5⅞	6⅞ - 6⅜	7⅜ - 7¼	8⅛ - 7⅞
US Dollar	4⅜ - 4⅛	4⅜ - 4⅜	4⅞ - 4⅜	4⅞ - 4⅞	8 - 4⅞	5⅝ - 5½
Italian Lira	9 - 7½	8¼ - 8	8⅜ - 8⅛	8⅝ - 8¼	8⅝ - 8½	9⅛ - 9
Yen	2⅛ - 2⅛	2⅛ - 2⅛	2⅛ - 2⅛	2⅜ - 2⅛	2¼ - 2⅛	2½ - 2⅜
Asian $Sing	3⅞ - 3¾	3⅞ - 3¾	4⅞ - 4⅛	4⅜ - 4⅛	5⅛ - 5⅛	5⅜ - 5⅛

Short term rates are call for the US Dollar and Yen, others: two days' notice.

■ THREE MONTH PIBOR FUTURES (MATIF) Paris interbank offered rate

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	94.33	94.33	-0.01	94.37	94.25	18,600	53,941
Dec	94.02	94.07	+0.02	94.22	93.94	18,987	41,459
Mar	93.70	93.76	+0.04	93.81	93.63	13,905	32,807
Jun	93.45	93.56	+0.12	93.59	93.35	7,541	24,695

■ THREE MONTH EURODOLLAR (LIFFE)* $1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	94.83	94.81	-0.07	94.83	94.83	150	2505
Dec	94.13	94.11	-0.07	94.13	94.12	173	1995
Mar		93.84	-0.09			0	1054
Jun	93.57	93.54	-0.10	93.57	93.57	25	362

■ THREE MONTH EUROMARK FUTURES (LIFFE)* DM1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	95.06	95.06	-0.01	95.09	95.03	15903	190082
Dec	94.84	94.85	-	94.90	94.79	36547	205416
Mar	94.53	94.56	-	94.62	94.50	25374	193345
Jun	94.14	94.19	-0.02	94.26	94.12	14784	101196

■ THREE MONTH EUROLIRA INT.RATE FUTURES (LIFFE) L1000m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	91.45	91.35	-0.18	91.54	91.26	6272	40992
Dec	91.11	91.05	-0.18	91.22	90.98	3523	46773
Mar	90.76	90.64	-0.19	90.80	90.61	849	12417
Jun	90.20	90.19	-0.18	90.26	90.13	143	8798

■ THREE MONTH EURO SWISS FRANC FUTURES (LIFFE) SFr1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	95.64	95.63	-0.04	95.76	95.58	2622	30084
Dec	95.38	95.40	-0.01	95.45	95.35	450	10092
Mar	94.97	95.06	-0.02	95.14	94.97	583	9158
Jun	94.76	94.78	-	94.76	94.76	100	1812

■ THREE MONTH ECU FUTURES (LIFFE) Ecu1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	94.00	94.00	-0.03	94.05	93.96	669	11373
Dec	93.73	93.76	-0.01	93.80	93.71	419	8147
Mar	93.42	93.45	-0.01	93.50	93.42	288	3707
Jun	93.05	93.07	-0.03	93.10	93.04	95	353

* LIFFE futures traded on APT

■ THREE MONTH EURODOLLAR (IMM) $1m points of 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Sep	94.87	94.83	-0.03	94.87	94.81	67,696	445,643
Dec	94.17	94.12	-0.05	94.17	94.11	128,221	413,354
Mar	93.93	93.87	-0.05	93.93	93.84	73,266	294,074

■ US TREASURY BILL FUTURES (IMM) $1m per 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	-	95.82	-	-	-	3,137	52
Sep	95.27	95.27	-0.04	95.29	95.27	1,140	23,071
Dec	-	94.70	-	-	94.69	716	8,686

All Open interest figs. are for previous day

■ EUROMARK OPTIONS (LIFFE) DM1m points of 100%

Strike Price	CALLS Jul	CALLS Aug	CALLS Sep	CALLS Dec	PUTS Jul	PUTS Aug	PUTS Sep	PUTS Dec
9500	0.10	0.13	0.17	0.18	0.05	0.08	0.12	0.33
9525	0.02	0.04	0.07	0.10	0.22	0.24	0.27	0.50
9550	0.01	0.02	0.03	0.06	0.46	0.47	0.48	0.76

Est. vol. total, Calls 5272 Puts 2548. Previous day's open int., Calls 209754 Puts 130665

■ EURO SWISS FRANC OPTIONS (LIFFE) SFr 1m points of 100%

Strike Price	CALLS Sep	CALLS Dec	CALLS Mar	PUTS Sep	PUTS Dec	PUTS Mar
9550	0.25	0.23	0.22	0.12	0.33	0.54
9575	0.19	0.13	0.14	0.25	0.48	0.81
9600	0.06	0.07	0.08	0.43	0.67	1.00

Est. vol. total, Calls 0 Puts 0. Previous day's open int., Calls 266 Puts 1025

UK INTEREST RATES

LONDON MONEY RATES

Jun 24	Over-night	7 days notice	One month	Three months	Six months	One year
Interbank Sterling	6¾ - 4⅞	5⅛ - 4⅞	5 - 4⅞	5⅛ - 5⅛	5½ - 5⅜	6⅛ - 6⅛
Sterling CDs	-	-	4⅞ - 4⅞	5⅛ - 5⅛	5⅜ - 5⅜	5⅞ - 4⅞
Treasury Bills	-	-	4⅞ - 4⅞	4⅞ - 4⅞	-	-
Bank Bills	-	-	4⅞ - 4⅞	5 - 4⅞	5¼ - 5⅛	-
Local authority deps.	5¾ - 5⅝	4⅞ - 4⅞	5 - 4⅞	5⅛ - 5⅛	5⅜ - 5⅜	6⅛ - 5⅞
Discount Market deps	4⅝ - 5¼	4⅞ - 4¾	-	-	-	-

UK clearing bank base lending rate 5¼ per cent from February 8, 1994

	Up to 1 month	1-3 month	3-6 months	6-9 months	9-12 months
Certs of Tax dep. (£100,000)	1½	4	3¾	3¾	3½

Certs of Tax dep. under £100,000 is 1½pc. Deposits withdrawn for cash ½pc.
Ave. tender rate of discount 4.9169pc. ECGD fixed rate Stg. Export Finance. Make up day May 31, 1994. Agreed rate for period Jun 26, 1994 to Jul 25, 1994, Schemes II & III 6.47pc. Reference rate for period Apr 30, 1994 to May 31, 1994, Schemes IV & V 5.222pc. Finance House Base Rate 5½pc from June 1, 1994

■ THREE MONTH STERLING FUTURES (LIFFE) £500,000 points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	94.38	94.33	-0.07	94.38	94.29	11083	108147
Dec	93.78	93.71	-0.14	93.79	93.68	28164	150637
Mar	93.11	93.01	-0.15	93.11	92.99	7657	65339
Jun	92.44	92.36	-0.18	92.44	92.34	3084	49267

Traded on APT. All Open interest figs. are for previous day.

■ SHORT STERLING OPTIONS (LIFFE) £500,000 points of 100%

Strike Price	CALLS Sep	CALLS Dec	CALLS Mar	PUTS Sep	PUTS Dec	PUTS Mar
9425	0.20	0.14	0.10	0.12	0.68	1.34
9450	0.08	0.06	0.06	0.25	0.87	1.55
9475	0.02	0.04	0.03	0.44	1.08	1.77

Est. vol. total, Calls 3703 Puts 3444. Previous day's open int., Calls 184277 Puts 174829

BASE LENDING RATES

	%		%		%
Adam & Company	5.25	Duncan Lawrie	5.25	* Roxburghe Guarantee Corporation Limited is no longer authorised as a banking institution.	9
Allied Trust Bank	5.25	Exeter Bank Limited	6.25	Royal Bk of Scotland	5.25
AIB Bank	5.25	Financial & Gen Bank	9	●Smith & Williamson Secs.	5.25
●Henry Ansbacher	5.25	●Robert Fleming & Co	5.25	TSB	5.25
Bank of Baroda	5.25	Girobank	5.25	●United Bk of Kuwait	5.25
Banco Bilbao Vizcaya	5.25	●Guinness Mahon	5.25	Unity Trust Bank Plc	5.25
Bank of Cyprus	5.25	Habib Bank AG Zurich	5.25	Western Trust	5.25
Bank of Ireland	5.25	●Hambros Bank	5.25	Whiteaway Laidlaw	5.25
Bank of India	5.25	Heritable & Gen Inv Bk.	5.25	Yorkshire Bank	5.25
Bank of Scotland	5.25	●Hill Samuel	5.25		
Barclays Bank	5.25	C. Hoare & Co	5.25		
Brit Bk of Mid East	5.25	Hongkong & Shanghai	5.25		
●Brown Shipley & Co Ltd	5.25	Julian Hodge Bank	5.25		
CL Bank Nederland	5.25	●Leopold Joseph & Sons	5.25		
Citibank NA	5.25	Lloyds Bank	5.25		
Clydesdale Bank	5.25	Meghraj Bank Ltd	5.25		
The Co-operative Bank	5.25	Midland Bank	5.25		
Coutts & Co	5.25	* Mount Banking	9		
Credit Lyonnais	5.25	NatWestminster	5.25		
Cyprus Popular Bank	5.25	●Rea Brothers	5.25		

● Members of British Merchant Banking & Securities Houses Association
* In administration

MONEY MARKET FUNDS

Money Market Trust Funds

CAF Money Management Co Ltd [illegible]
The COIF Charities Deposit Account [illegible]
Cent. Bd. of Fin. of Church of England [illegible]

Money Market Bank Accounts

Coutts & Co [illegible]
Allied Trust Bank Ltd [illegible]
American Express Bank Ltd [illegible]
Bank of Ireland High Interest Cheque Acc [illegible]
Bank of Scotland [illegible]
Barclays Select [illegible]
Barclays Prime Account H.I.C.A. [illegible]
Brown Shipley & Co Ltd [illegible]
Caledonian Bank Plc [illegible]
Cater Allen Ltd [illegible]
Charterhouse Bank Limited [illegible]
Clydesdale Bank Flexible Solution Acc [illegible]
The Co-operative Bank [illegible]
Julian Hodge Bank Ltd [illegible]
Leopold Joseph & Sons Ltd [illegible]
Kleinwort Benson Private Bank [illegible]
Lloyds Bank [illegible]
Midland Bank plc [illegible]
Nationwide Bldg Soc [illegible]
Rea Brothers Limited [illegible]
Royal Bank of Scotland plc [illegible]
Save & Prosper/Robert Fleming [illegible]
Tyndall Bank plc [illegible]
United Dominions Trust Ltd [illegible]
J. Henry Schroder Wagg & Co Ltd [illegible]
Western Trust High Interest Cheque Acc [illegible]

NOTES– Gross: Contractual rate of interest payable, not taking account of the deduction of basic rate income tax. Net: Rate of interest payable after allowing for deduction of basic rate income tax. Gross CAR: Gross rate annualised to take account of compounding of interest paid other than once a year, 'Compounded Annual Rate'. Int Cr: Frequency at which interest is credited to the account.

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 535(2) stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. ɸ Bargains done the previous day.

British Funds, etc

Treasury 13¾% Stk 2000/03 - £123⅝ 123⅞ 123[illegible]

Exchequer 10½% Stk 2005 - £112[illegible]

Corporation and County Stocks

London County 2½% Cons Stk 1920(or after) - £25

Blackburn Corp 4% Cons Deb Stk Irrd - £40

Bristol(City of) 11½% Red Stk 2008 - £118 (17Je94)

Rank Organisation PLC 8⅜% Bds 2000 (Br £ Var) - £94⅛ (21Je94)

Redland Capital PLC 7¼% Cnv Bds 2002(Br£1000&10000) - £101 (22Je94)

Robert Fleming Intl Finance Ld 9¼% Perp Subord Gtd Nts (Br £ Var) - £83 (21Je94)

Rolls-Royce PLC 11⅝% Nts 1996 (Br £1000&10000) - £108.31 (22Je94)

Rothschilds Continuation Fin(C.I.)Ld9% Perp Subord Gtd Nts (Br£Various) - £82⅞

Royal Bank of Scotland PLC 6⅝% Bds 2004(Br£Vars) - £80.825 (22Je94)

Royal Bank of Scotland PLC 10.5% Subord Bds 2016 (Br £ Var) - £101⅜ 2½ (21Je94)

Nationwide Building Society 8⅝% Subord Nts 2018 (Br £ Var) - £85¾ɸ

Norsk Hydro AS 9¾% Nts 2003 (Br £1000&10000) - £100 (21Je94)

Norway (Kingdom of) 7.25% Nts 1998(Br $C Vars) - $C83½ 94 (21Je94)

Pearson PLC 10½% Bds 2008(Br£1000&10000) - £104⅞ (21Je94)

PowerGen PLC 8⅞% Bds 2003 (Br £10000&100000) - £96.525

RMC Capital Ld 8¾% Cnv Cap Bds 2006 (Br £5000&50000) - £117

Automotive Products PLC 9% Cum Prf £1 - 107

B.A.T Industries PLC ADR (2:1) - $11.645 .765 [illegible]

BBA Group PLC 18% Deb Stk 89/94 - £99½ (17Je94)

BET PLC ADR (4:1) - $6⅞ɸ .9ɸ

BM Group PLC 4.6p (Net) Cnv Cum Red Prf 20p - 49

BOC Group PLC 4.55% Cum Prf £1 - 72

BOC Group PLC 2.8% Cum 2nd Prf £1 - 48

BOC Group PLC 3.5% Cum 2nd Prf £1 - 55

UK Public Boards

Foreign Stocks, Bonds, etc-(coupons payable in London)

Sterling Issues by Overseas Borrowers

Listed Companies(excluding Investment Trusts)

USM Appendix

Investment Trusts

Rule 535(2)

FT-SE ACTUARIES INDICES

The FT-SE 100, FT-SE Mid 250 and FT-SE Actuaries 350 Indices and the FT-SE Actuaries Industry Baskets are calculated by The International Stock Exchange of the United Kingdom and Republic of Ireland Limited. © The International Stock Exchange of the United Kingdom and Republic of Ireland Limited 1994. All rights reserved.

The FT-SE Actuaries All-Share Index is calculated by The Financial Times Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries. © The Financial Times Limited 1994. All rights reserved.

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LONDON STOCK EXCHANGE

MARKET REPORT

Footsie at new 1994 low on dollar's problems

By Terry Byland,
UK Stock Market Editor

The UK stock market plunged through its low point for the year yesterday, closing at its lowest level since July 1993, as fears grew that the apparent failure of central bank intervention to protect the dollar may force the US Federal Reserve to raise interest rates.

Although equity trading was not heavy, share prices collapsed as the dollar continued to fall. The FT-SE 100 Index declined nearly 66 points to close at the day's low after one of the largest daily setbacks of the year. The final reading showed the FT-SE Index down 65.8 at 2,876.6.

Interest rate fears were fuelled from tha US market, where the Dow Industrial Average was down 40 points when London closed. Almost the whole of the Footsie 100 list was savaged, with the UK interest-related shares vying with dollar stocks in the setback. The market closed without a glimmer of recovery, with traders convinced that unless action was taken over the weekend, the dollar and the securities markets would face a further pounding next week.

British government bonds had a turbulent session. After falling at first as the dollar weakened, gilt-edged securities quickly rallied and briefly moved into positive territory when it was confirmed that the central banks had taken action in the currency markets.

But the bond market turned down again sharply as selling of the dollar was renewed. By the close of trading, short-dated gilts, the most closely linked to UK base rates, were ⅜ down. The longs, continuing to express fears of inflation ahead, shed ¼. Index-linked gilts, the market's inflation hedge, slipped ⅜.

In the equity market, losses across the broad range of equities were reflected in a fall of 62.7 to 3,374.2 on the FT-SE Mid 250 Index, which covers an extended list of blue-chip and second-line stocks.

However, equity volume, as measured by the Seaq electronic network, recorded a total of only 450.2m shares, a relatively low figure and nearly 17 per cent down on Friday; non-Footsie shares made up about 56 per cent of yesterday's total. The poor volume figure bore out comments from several leading securities houses that the current weakness of UK equities has been caused by unwillingness of the institutions to buy shares rather than by heavy selling pressure.

Several leading securities firms again drew attention to valuations of equities against bonds, suggesting that these implied that UK shares were not overvalued at current levals. Traders said that there was "some selling" at the opening when international clients reacted to the fall in the US dollar in New York and Tokyo. "But after that it was too late to sell," said one dealer.

The Footsie managed to regain the 2,900 mark briefly when bonds turned higher as the central banks intervened to support the US currency. This was also seen by some optimists as an indication of underlying support for equities.

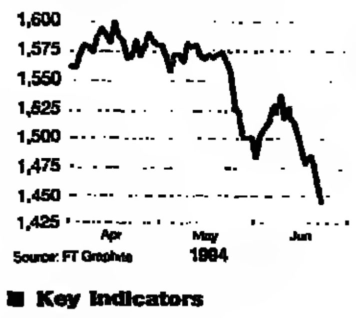
But the finally convincing loss of the Footsie 2,900 level was an alarming development for the equity chartists who now fear that the market could be vulnerable down to the 2,800 mark – unless more determined action is taken to settle the US currency.

Some comfort was also taken from the rapid, albeit temporary, recovery in the bond market at mid-session. Volatility in this market has been a prime factor in unsettling eqnities.

Account Dealing Dates		
*First Dealings:		
Jun 6	Jun 20	Jul 4
Option Declarations:		
Jun 15	Jun 30	Jul 14
Last Dealings:		
Jun 17	Jul 1	Jul 15
Account Day:		
Jun 27	Jul 11	Jul 25

*New time dealings may take place from two business days earlier.

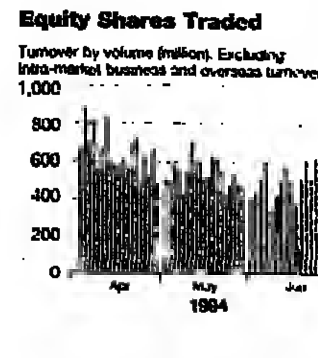
FT-SE-A All-Share Index



Source: FT Graphite

Equity Shares Traded

Turnover by volume (million). Excluding intra-market business and overseas turnover



■ Key Indicators

Indices and ratios		
FT-SE Mid 250	3374.2	-62.7
FT-SE-A 350	1451.3	-31.8
FT-SE-A All-Share	1445.85	-30.5
FT-SE-A All-Share yield	4.08	4.00
FT Ordinary Index	2240.8	-50.9
FT-SE-A Non Fins p/e	18.46	18.84
FT-SE 100 Fut Sep	2864.0	-71.0
10 yr Gilt yield	8.79	8.71
Long gilt/equity yld ratio:	2.15	2.18

FT-SE 100 Index	
Closing index for Jun 24	2876.6
Change over week	-146.3
Jun 23	2942.4
Jun 22	2960.4
Jun 21	2940.2
Jun 20	2971.1
High*	2989.9
Low*	2874.7

*Intra-day high and low for week

TRADING VOLUME

■ Major Stocks Yesterday

	Vol. 000s	Closing price	Day's change
ASDA Group†	10,000	52½	-2¼
Abbey National†	1,500	391	-10
Albert Fisher	1,000	49	-2
Allied-Lyons†	2,500	562	-14
Anglian Water	161	458	-9
Argos	1,200	338½	-6
Argyll Group†	3,800	233	-4
Arjo Wiggins†	1,500	246	-2
Assoc. Brit. Foods†	504	505	-2½
Assoc. Brit. Ports	800	229	-9
BAA†	1,000	882	-17
BAT Inds.†	4,800	372	-9
BET	1,900	113	-2
BICC	1,000	360	-8
BOC†	658	700	
BP†	8,200	396	-6½
BPB Inds.	1,100	292	-1
BT†	4,100	365½	-6
BT (P/Paid)	1,900	247½	-5
BTR†	8,100	348	-9
Bank of Scotland†	2,100	188	-1
Barclays†	1,800	520	-15
Bass†	2,200	488	-14
Blue Circle†	1,200	277	-3
Booker	255	405	+3
Boots†	790	520	-7
Bowater†	344	440	-7
Brit. Aerospace†	1,900	445	-10
British Airways†	2,800	374	-18
British Gas†	5,900	253	-8
British Land	373	384	-14
British Steel†	1,900	131	-4½
Bunzl	958	141	-10
Burmah Castrol†	497	848	-7
Burton	2,900	57¾	-½
Cable & Wire†	4,300	412½	-15½
Cadbury Schweppes†	3,200	412½	-11
Calor Group	2,000	265	-9
Caradon†	1,000	282	-5
Carlton Comms.†	1,000	801	-21
Coats Viyella†	2,400	219	-4
Comm. Union†	607	483	-23
Cookson	654	230	-5
Courtaulds†	1,600	474	-15
Dalgety	230	394	-4
De La Rue†	230	871	-16
Dixons	3,200	188½	-3½
Eastern Elect.	119	588	-18
East Midland Elect.	309	579	-11
Eng China Clays	774	835	+1
Enterprise Oil†	481	399	-14
Eurotunnel Units	018	280	+2
FKI	2,200	169	-6
Fisons	1,300	132	-6
Foreign & Col. I.T.	844	127½	-3
Forte†	1,700	224	-3
Gen. Accident†	790	538	-22
General Elect.†	2,900	274½	-6½
Glaxo†	3,600	532	-10
Glynwed	215	338½	-2
Granada†	3,800	515	-13
Grand Met.†	5,200	376	-14
GUS†	1,400	557½	-11½
GRE†	1,000	182	-10
GKN†	398	562	-9
[illegible]			
Lonrho	1,600	126	-4
Lucas	6,300	161	-6½
MEPC†	890	411	-7
MFI	215	139½	
Manweb	208	635	-21
Marks & Spencer†	3,100	393	-9
Midlands Elect.	380	547	-14
Morrison (Wm.)	213	136	
NFC†	995	187	-3
NatWest Bank†	3,300	439	-11
National Power†	644	407	-16
Next	655	244	-½
North West Water†	300	457	-15
Northern Elect.	627	623	-23
Northern Foods†	1,100	190	-1
Norweb	281	587	-18
Pearson†	1,900	590	-10
P & O†	1,200	599	-15
Pilkington	1,800	163½	-4½
PowerGen†	1,200	450	-11
Prudential†	2,300	290	-10
RMC†	301	823	-8
RTZ†	1,000	818	-17
Racal	988	225	-8
Rank Org.†	2,200	373	-7
Reckitt & Colman†	1,800	558	-5
Redland†	1,100	477	-8
Reed Intl.†	1,200	750	-18
Rentokil†	985	205	-5
Reuters†	3,600	428	-9
Rolls Royce†	4,800	174	-7
Ryl Bk Scotland†	1,200	413	-15
Royal Insurance†	784	241½	-10½
Sainsbury†	1,700	385	-9½
Schroders	109	1140	-25
Scottish & New.†	424	502	-7
Scot. Hydro-Elect.	387	323	-9
Scottish Power†	598	343	-7
Sears†	778	115½	-4
Sedgwick	682	167	-3
Seeboard	1,000	305	-13
Severn Trent†	894	469½	-8½
Shell Transport†	3,000	684	-13
Siebe†	1,200	517	-17
Slough Ests	576	234	-8
Smith (W.H.) A	651	462½	-8½
Smith & Nephew†	448	143¾	-2¾
SmKl Beecham†	2,200	382	-11
SmKl Beecham Uts.†	2,400	354	-8
Smiths Inds.	551	429½	-12½
Southern Elect.†	965	546	-14
South Wales Elect.	129	583	-2
South West Water	393	464½	+1½
South West. Elect.	191	585	+1
Southern Water	234	474	-9
Standard Chartd.†	947	242	-12
Storehouse	587	210	-8
Sun Alliance†	2,000	288	-18
T&N	307	213	-8
TI Group†	902	360	-8
TSB†	2,200	204	-7
Tarmac	5,700	142	-2
Tate & Lyle	251	402	-1
Taylor Woodrow	635	130	-4
Tesco†	3,900	226	-4
[illegible]			

EQUITY FUTURES AND OPTIONS TRADING

Continued weakness of the US dollar together with fears on inflation in both the UK and US sent stock index futures plunging, *writes Joel Kibazo*.

By the close, tha September contract on the FT-SE 100 was at 2,864, down 71 on its previous finish and at a 26 point discount to its fair value premium.

The session was particularly volatile and September, having opened at 2,908, reached a high of 2,915 after lunch before falling to the day's low of 2,860 towards tha close.

In traded options, total volume was 37,152 lots with 21,454, done in the FT-SE 100 option.

■ FT-SE 100 INDEX FUTURES (LIFFE) £25 per full index point (APT)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	2908.0	2864.0	-71.0	2915.0	2860.0	18822	51175
Dec		2873.0	-71.0			0	952

■ FT-SE MID 250 INDEX FUTURES (LIFFE) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep		3360.0	-42.0			0	4099

■ FT-SE MID 250 INDEX FUTURES (OMLX) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	-	3360.0	-	-	-	-	577

All open interest figures are for previous day. † Exact volume shown.

■ FT-SE 100 INDEX OPTION (LIFFE) (*2877) £10 per full index point

	2700 C	2700 P	2750 C	2750 P	2800 C	2800 P	2850 C	2850 P	2900 C	2900 P	2950 C	2950 P	3000 C	3000 P	3050 C	3050 P
Jul	179	15	133½	25	94½	36	64½	55	38	81½	21½	115½	11	157½	6	201½
Aug	193½	34	158	48½	124	64	96	85½	70½	110	50	139½	34	173½	21½	210½
Sep	216½	55½	179½	67½	147	83½	117½	104	90½	128½	69	156	50	185½	38	221½
Oct	233	68½	192½	79	160	97	130½	116	105½	140	85	168½	65	198½	53	235½
Dec†	247½	79			184½	112			138	158			88½	215		

Calls 8,471 Puts 12,811

■ EURO STYLE FT-SE 100 INDEX OPTION (LIFFE) £10 per full index point

	2625 C	2625 P	2725 C	2725 P	2775 C	2775 P	2825 C	2825 P	2875 C	2875 P	2925 C	2925 P	2975 C	2975 P	3025 C	3025 P
Jul	236½	5½	147½	17	108½	28½	75½	42½	47½	65½	27½	95½	14½	133½	7	174½
Aug	251	16	172	38½	137½	51½	107	70½	80½	93½	58½	121	41	153	27	189
Sep	262½	26½	186	48½			122	83½			73½	133½			48	199
Dec	305	63	233	88½			170½	124			119	170			78	226
Mar†	336	96	267	108½			207½	145			155½	189			113	243

Calls 1,370 Puts 3,191 * Underlying index value. Premiums shown are based on settlement prices.
† Long dated expiry months.

■ EURO STYLE FT-SE MID 250 INDEX OPTION (OMLX) £10 per full index point

	3400	3450	3500	3550	3600	3650	3700	3750
Jul	53 63¾	33¾ 93¾	19½ 130	10¾ 171	5½ 215½			

Calls 0 Puts 0 Settlement prices and volumes are taken at 4.30pm.

FT-SE-A INDICES - LEADERS & LAGGARDS

Percentage changes since December 31 1993 based on Friday June 24 1994

Oil Exploration & Prod	+8.67	Breweries	-9.74	CONSUMER GOODS	-17.08
Printing, Paper & Pckg	+2.49	FT Gold Mines Index	-10.19	Transport	-17.09
Oil, Integrated	+1.13	Distributors	-10.43	Pharmaceuticals	-17.13
Mineral Extraction	+1.02	FT-SE Mid 250 ex Inv Tst	-10.88	Building Matls & Merch	-17.76
Engineering, Vehicles	-0.42	SERVICES	-10.99	Household Goods	-17.99
Extractive Inds	-0.83	FT-SE Mid 250	-11.00	Life Assurance	-18.66
Chemicals	-1.85	Electronic & Elect Equip	-11.52	Property	-18.86
Leisure & Hotels	-1.72	Support Services	-11.53	Electricity	-18.90
FT-SE SmallCap ex Inv Tst	-1.74	NON-FINANCIALS	-12.34	Telecommunications	-21.50
Engineering	-3.11	Building & Construction	-12.43	UTILITIES	-21.68
FT-SE SmallCap	-3.46	INVESTMENT TRUSTS	-13.24	FINANCIALS	-22.15
Retailers, Food	-6.32	FT-SE-A ALL-SHARE	-14.05	Merchant Banks	-22.57
GEN MANUFACTURERS	-7.74	Spirits, Wines & Ciders	-14.31	Water	-23.73
Textiles & Apparel	-8.14	Food Manufacturers	-14.68	Insurance	-23.98
Diversified Industries	-8.58	FT-SE-A 350	-14.78	Banks	-24.11
Media	-8.91	Retailers, General	-15.46	Gas Distribution	-25.59
Health Care	-8.93	FT-SE 100	-15.85	Tobacco	-32.79

FT-SE Actuaries Share Indices — The UK Series

	Jun 24	Day's chge%	Jun 23	Jun 22	Jun 21	Year ago	Div. yld%	Earn. yld%	P/E ratio	Xd adj. ytd	Total Return	1994 High		1994 Low		Since Compilation High		Since Compilation Low	
FT-SE 100	2876.6	-2.2	2942.4	2960.4	2940.2	[illegible]	4.30	7.28	16.26	52.31	1075.57	3520.3	2/2	2876.6	24/6	3520.3	2/2/94	986.9	23/7/84
FT-SE Mid 250	3374.2	-1.8	[illegible]	[illegible]	[illegible]	[illegible]	3.69	6.97	20.24	53.77	1246.26	4152.8	3/2	3374.2	24/6	4152.8	3/2/94	1379.4	21/1/86
FT-SE Mid 250 ex Inv Trusts	3373.8	-1.8	[illegible]	[illegible]	[illegible]	[illegible]	3.85	6.47	18.84	55.57	1241.73	4160.7	19/1	3373.8	24/6	4160.7	19/1/94	1378.3	21/1/86
FT-SE-A 350	1451.3	-2.1	[illegible]	[illegible]	[illegible]	[illegible]	4.10	6.97	17.04	25.64	1110.56	1778.3	2/2	1451.3	24/6	1778.3	2/2/94	664.5	14/1/86
FT-SE SmallCap	1803.58	-1.1	[illegible]	[illegible]	[illegible]	[illegible]	3.11	4.18	30.43	22.48	1367.26	2094.98	4/2	1803.58	24/6	2094.98	4/2/94	1363.79	31/12/92
FT-SE SmallCap ex Inv Trusts	1786.06	-1.0	[illegible]	[illegible]	[illegible]	[illegible]	3.27	4.58	28.32	23.01	1376.87	2060.72	4/2	1786.06	24/6	2060.72	4/2/94	1363.79	31/12/92
FT-SE-A ALL-SHARE	1445.85	-2.1	1476.35	1485.05	1478.03	1425.65	4.08	6.77	17.62	25.00	1125.50	1764.11	2/2	1445.85	24/6	1764.11	2/2/94	61.92	13/12/74

■ FT-SE Actuaries All-Share

	Jun 24	Day's chge%	Jun 23	Jun 22	Jun 21	Year ago	Div. yld%	Earn. yld%	P/E ratio	Xd adj. ytd	Total Return	1994 High		1994 Low		Since Compilation High		Since Compilation Low	
[illegible]																			
66 Telecommunications(4)	1886.10	-2.0	1923.84	1912.76	1905.14	2013.20	4.38	8.24	14.77	8.50	798.75	2450.42	2/2	1884.68	1/8	2461.20	29/12/93	802.59	3/10/86
68 Water(13)	1588.73	-1.7	1615.51	1633.81	1637.92	1641.20	6.12	14.70	7.48	52.41	792.55	2128.79	3/2	1588.73	24/6	2128.79	3/2/94	824.70	1/5/90
69 NON-FINANCIALS(635)	1562.88	-2.0	1594.34	1604.35	1597.26	1543.25	4.09	0.84	18.46	25.62	1092.62	1870.36	2/2	1562.88	24/6	1870.36	2/2/94	63.49	13/12/74
70 FINANCIALS(104)	2034.74	-2.8	2089.85	2101.84	2088.18	2031.40	4.43	9.04	12.73	46.17	798.05	2737.13	4/2	2034.74	24/6	2737.13	4/2/94	972.20	23/1/86
71 Banks(10)	2825.12	-2.7	2898.29	2720.41	2705.32	2508.20	4.14	9.38	12.15	30.07	777.48	3801.55	4/2	2825.12	24/6	3801.55	4/2/94	938.88	23/1/86
73 Insurance(17)	1153.82	-3.6	1196.87	1209.81	1192.73	1374.40	5.59	12.49	8.94	29.06	780.86	1583.51	24/1	1153.82	24/6	1624.29	29/12/88	870.89	25/8/92
74 Life Assurance(6)	2214.34	-2.4	2268.98	2265.05	2241.07	2638.80	5.61	8.22	14.94	66.38	840.82	2921.37	19/1	2188.81	1/6	2921.37	19/1/94	567.70	23/1/86
75 Merchant Banks(6)	2642.41	-2.3	2704.74	2704.60	2708.78	2546.00	3.79	12.76	8.18	55.68	793.11	3761.29	2/2	2642.41	24/6	3761.29	2/2/94	882.80	27/1/86
77 Other Financial(24)	1770.83	-1.7	1800.90	1801.54	1802.38	1514.00	3.89	8.15	14.36	31.36	937.55	2279.35	4/2	1770.83	24/6	2279.35	4/2/94	658.30	1/10/90
79 Property(41)	1460.20	-2.6	1490.24	1489.76	1481.29	1338.00	4.12	4.10	30.48	28.22	830.46	1888.86	4/2	1460.29	24/6	2132.40	5/9/89	718.40	18/9/92
80 INVESTMENT TRUSTS(123)	2628.33	-1.7	2673.31	2668.59	2658.32	2358.20	2.29	1.95	51.86	23.04	878.59	3184.31	2/2	2628.33	24/6	3184.31	2/2/94	977.20	14/1/86
89 FT-SE-A ALL-SHARE(862)	1445.85	-2.1	1476.35	1486.05	1478.03	1425.65	4.08	6.77	17.62	25.00	1125.50	1764.11	2/2	1445.85	24/6	1764.11	2/2/94	61.92	13/12/74

■ Hourly movements

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/day	Low/day
FT-SE 100	2910.4	2908.2	2904.4	2901.7	2898.3	2900.1	2893.7	2904.7	2877.7	2919.5	2874.7
FT-SE Mid 250	3421.2	3407.3	3401.2	3396.9	3393.5	3388.6	3388.1	3392.7	3377.0	3421.2	3374.2
FT-SE-A 350	1472.6	1467.3	1464.8	1463.3	1460.8	1462.0	1459.4	1464.1	1452.0	1472.6	1450.7

Time of FT-SE 100 High: 8.31am Low: 4.16pm

■ FT-SE Actuaries 350 Industry baskets

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	Close	Previous	Change
Bldg & Cnstrcn	1098.7	1094.4	1096.7	1095.6	1094.1	1092.4	1091.5	1093.5	1090.3	1084.8	1105.9	-21.1
Pharmaceuticls	2681.0	2685.0	2679.8	2680.3	2678.0	2683.5	2676.5	2690.4	2679.2	2674.2	2712.3	-38.1
Water	1605.7	1600.0	1594.3	1584.4	1584.1	1587.0	1590.0	1595.9	1584.8	1585.1	1612.1	-27.0
Banks	2704.2	2699.8	2701.4	2693.5	2681.2	2686.2	2674.8	2692.8	2659.4	2657.1	2731.3	-74.2

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
FT-SE Total Return Indices	31/12/92	1000.00	FT-SE Mid 250 ex Inv Trusts	31/12/85	1412.60	Water	29/12/89	1000.00	UK Gilts Indices	31/12/75	100.00
FT-SE SmallCap	31/12/92	1363.79	FT-SE-A 350	31/12/85	682.94	Non-Financials	10/4/62	100.00	Index-Linked	30/4/82	100.00
FT-SE SmallCap ex Inv Trts	31/12/92	1363.79	FT-SE 100	31/12/83	1000.00	FT-SE-A All-Share	10/4/62	100.00	Debs and Loans	31/12/77	100.00
FT-SE Mid 250	31/12/85	1412.60	Electricity	31/12/90	1000.00	All Other	31/12/85	1000.00			

The FT-SE 100, the FT-SE Mid 250 and the FT-SE Actuaries 350 Indices are compiled by the London Stock Exchange and the FT-SE Actuaries All-Share Index and the FT-SE SmallCap Index are compiled by The Financial Times Limited, both in conjunction with the Institute of Actuaries and the Faculty of Actuaries under a standard set of ground rules. © The International Stock Exchange of the United Kingdom and Republic of Ireland Limited 1994. © The Financial Times Limited 1994. All rights reserved. "FT-SE" and "Footsie" are joint trade marks and service marks of the London Stock Exchange and The Financial Times Limited. Auditor: The WM Company. † Sector P/E ratios greater than 80 are not shown. ‡ Values are negative. QUARTERLY CHANGES: See edition dated Jun 0 (p.28)

Wellcome bucks the market

Pharmaceuticals group Wellcome was the only company within the FT-SE 100 Index to remain in positive territory yesterday as the market took on board research suggesting that it could be a takeover target. The shares were up 16 at best and ended the day 12 higher at 598p with 3.1m shares traded.

A note by US investment house Wertheim Schroder's arguing that Wellcome Trust, which owns 40 per cent of Wellcome, would be happy to see moves from a rival company ensured that few dealers were prepared to sell the stock. When New York opened, US buying pushed the stock higher. However, Wellcome claimed last night that there had been "no significant change" in the US holding over the past month. UBS yesterday said that it considered Wellcome a buy on fundamental grounds regardless of takeover activity.

Newspapers hit

The shock decision by Mr Rupert Murdoch's The Times newspaper late on Thursday to cut its cover price to 20p hit an intensely nervous publishing sector and saw hard pressed shares tumble further.

The Times' move made a mockery of Thursday's Daily Telegraph price cut and prompted some analysts to talk of a domino effect in the middle market area held by the Daily Express and Daily Mail which could end up at the door of the Daily Mirror.

Telegraph shares were also weighed down by questions hanging over the recent 12.5m stake by Hollinger, the Canadian publishing group controlled by Mr Conrad Black, the Telegraph owner. However, after the market closed the Stock Exchange cleared the newspaper. The shares fell 17 to 332p.

United Newspapers, whose Daily Express now costs 60 per cent more than The Times, fell 25 to 485p, while Daily Mail Trust 'A' shares shed 33 to 870p. There was concern that if those papers were forced to reduce their price the end victim could be the Mirror, already squeezed by a cut-price Sun. Mirror Group shares fell 4 to 130p, close to the flotation price three years ago.

Oil switch

Enterprise Oil saw its share price fall below 400p as one securities house advised shareholders to switch their holdings into Lasmo ahead of the deadline for the former's hostile takeover bid.

Enterprise shares were also unsettled by reports that the company might try to buy 10 per cent of Lasmo in the market next week if it feels it will be unable to acquire the necessary 50 per cent through straight acceptances. The company was fighting a strong rearguard action as its US roadshow wound down yesterday. A company spokesman said: "We had quite a good reception from the US institutions and we go into the final week confident that we will win."

Hoare Govett said the bid had "no real industrial or financial synergy" but recommended buying Lasmo because "on a medium-term view Lasmo should outperform Enterprise if the bid fails". Enterprise fell 14 to 399p while Lasmo was steady at 148p.

Chemicals group Hickson International fell 13 to 160p on exceptionally heavy turnover of 2m shares in the wake of a swingeing forecast downgrade by Hoare Govett.

The securities hause cut its current year forecast by 20 per cent to £19m. The new figure is well below the previous range of analysts' forecasts of £24m to £29m. The change is believed to reflect concerns among institutional fund managers over the current trading outlook within the company.

Chemicals group BOC was one of the few Footsie companies to remain in positive territory during the day as traders stressed the company's defensive qualities. However, the share price could not resist the final onslaught on the market and saw its gain of 3 trimmed back to close unchanged at 700p.

Broker downgrades hit Cadbury Schweppes as analysts reacted to a cautious meeting with the drink and confectionery group's joint venture business with Coca-Cola. Cola wars with own-label goods topped the agenda and analysts reckoned on a hit to profits of up to £30m in the current year. Lehman Brothers lopped £15m from its current year forecast, down to £455m, while for 1995 its estimate was cut from £525m to £495m. NatWest Securities and Cazenove were also said to have reduced their forecasts. The shares slid 11 to 412½p.

After weak sessions following Tuesday's profits warning, Hazlewood Foods rallied 4 to 129p on speculation of a bid from Unigate. The dairy company is said to be considering selling its stake in Dutch group Nutricia, which could net Unigate around £250m. The shares were steady at 366p.

A £36.5m property deal provided some support for Ladbroke before the shares trailed off 3 to 156p. There was brief activity in Savoy with speculation over a new chairman. The shares jumped before falling to end the day steady at 965p.

Thorn retreated 29 to 1014p on dollar worries. Euro Disney, the French theme park operator, lost 18 to 135p on concerns over the outcome of its recent rights issue. Airtours gained a penny ahead of results next week.

Property agency Chesterton, which came to the market at 100p on Thursday, slipped a penny to 99p.

The poor market trend curtailed an early advance in British Aerospace which followed reports that British Airways was to buy Airbus jets. The shares closed 10 lower at 445p. BAe builds the wings of the Airbus aircraft and is a 20 per cent stake holder in the Airbus consortium.

The press report that BA plans to replace its entire fleet of short-haul Boeing 737 with Airbus jets, left shares in the UK carrier trailing 13 to 374p.

The weak dollar exacted a toll on engineering group Siebe which derives a large part of its earnings from the US. The shares fell 18 to 516p.

Rolls-Royce gave up 7 to 174p, in trade of 4.9m with Strauss Turnbull said to have urged investors to "sell" the stock.

Eurotunnel firmed 2 to 280p, with dealers encouraged by news that most of the outstanding stock from the company's £858m rights issue had been successfully placed.

NEW HIGHS AND LOWS FOR 1994

NEW HIGHS (4).
BREWERIES (1) Holt (J), BLDG MATLS & MCHTS (1) Shaw (A), ELECTRNC & ELECT EQUP (1) Plasmec, SPIRITS, WINES & CIDERS (1) Macdonald Martin A.
NEW LOWS (493).
GILTS (1) BANKS (3) Allied Irish, Deutsche, Lloyds, BREWERIES (10) BUILDING & CNSTRN (7) Boxer Homes, Crest Nicholson, Keller, Laing (J) 6.4pc Pf., Raine, VHE, Wilson Bowden, BLDG MATLS & MCHTS (6) CHEMICALS (8) British Vita, Doeflex, Hickson Intl., Laporte, Scapa, DISTRIBUTORS (7) DIVERSIFIED INDLS (15) ELECTRICITY (3) Manweb, Midlands, Norweb, ELECTRNC & ELECT EQUP (14) ENGINEERING (18) ENG. VEHICLES (5) EXTRACTIVE INDS (7) Ashanti, Bracken, Dragon, East Rand Prp., Kingstream Res., Montague Gold, NSM, FOOD MANUF (10) GAS DISTRIBUTION (2) British Gas, Calor, HEALTH CARE (10) AAH, Community Hosp., Court Cavendish, Drew Scien., Goldsborough Hlth., Quality Care Homes, Scholl, Shield Diagns., Takare, Tepnel Diagns., HOUSEHOLD GOODS (8) INSURANCE (8) Commercial Union, General Accident, Heath (CE), JIB, Lowndes Lambert, Willis Corroon, INVESTMENT TRUSTS (172) INVESTMENT COMPANIES (16) LEISURE & HOTELS (4) LIFE ASSURANCE (2) Britannic, Refuge, MEDIA (18) MERCHANT BANKS (4) OIL EXPLORATION & PROD (2) Oceonics, Villers, OIL, INTEGRATED (1) Chevron Cpn., OTHER FINANCIAL (11) OTHER SERVS & BUSNS (2) General Motors Units, Sutcliffe Speakman, PHARMACEUTICALS (3) Grampian, Proteus Intl., PRTNG, PAPER & PACKG (7) PROPERTY (28) RETAILERS, FOOD (3) Brake Bros., Gateway, M & W, RETAILERS, GENERAL (14) SPIRITS, WINES & CIDERS (5) Bulmer(HP), Grand Met., Guinness, Matthew Clark, Merrydown, SUPPORT SERVS (16) TELECOMMUNICATIONS (5) TEXTILES & APPAREL (9) TOBACCO (2) BAT Inds., Rothmans Uts., TRANSPORT (12) WATER (7) AMERICANS (6) CANADIANS (13).

■ CHIEF PRICE CHANGES YESTERDAY

London (Pence)

Rises			
Kewill Systems	284	+	9
Macdnld Martin A	575	+	10
Sharpe & Fisher	165	+	7
Stoddard Sekers	37	+	2½
Wellcome	598	+	12
Falls			
Antofagasta	308	-	42
Azlan	252	-	28
Bakyrchik	303	-	13
Brewin Dolphin	140	-	8
Daily Mail A	870	-	33
EMAP	350	-	18
Enterprise Oil	399	-	14
Euro Disney	135	-	18
First Leisure	268	-	13
Grand Met	376	-	14
Hunters Armley	169	-	9
Rolls-Royce	174	-	7
Rothmans Uts	348	-	21
Seeboard	305	-	13
Sharelink	257	-	42
Smith New Court	365	-	14
Telegraph	332	-	17
Tepnel Diagnstc	121	-	28
United News	485	-	25

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

AUTHORISED UNIT TRUSTS

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (✦) - 0001 to 1100 hours; (✦) - 1101 to 1400 hours; (✦) - 1401 to 1700 hours; (✦) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH. Tel: 071-379-0444.

FT MANAGED FUNDS SERVICE

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Thornton Unit Managers Ltd - Contd.

Waverley Unit Tst Mngmt Ltd (1000)F

13 Charlotte Sq, Edinburgh

Whittingdale Unit Tst Mngmt Ltd (0800)F

2 Honey Lane, London EC2V 8BT

Woolwich Unit Trust Managers Ltd (1700)H

2 White Oak Square, Swanley BR8 7AG

Stockmarket Fd 2 | 72.37 | 72.50 | 77.12 | -0.2 | 1.93

OTHER UK UNIT TRUSTS

[illegible]

INSURANCES

[illegible]

FT MANAGED FUNDS SERVICE

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Scottish Mutual Assurance plc

109 St Vincent St, Glasgow 041-248 6321

Scottish Provident Group

6 St Andrew Sq, Edinburgh

Sun Alliance Group - Contd.

Sun Life Unit Assurance Ltd

OFFSHORE INSURANCES

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

FT MANAGED FUNDS SERVICE

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Scrimgeour Kemp-Gee Mngmt., Jersey

TSB Trust Funds (CI)

Warburg Asset Management Jersey Ltd

Worldinvest (Management) Jersey Ltd

[illegible]

LUXEMBOURG (SIB RECOGNISED)

Abtrust Fund Mngrs Luxembourg SA (u)

American Phoenix Investment Portfolios (u)

BAII Intermarket Fund

Bank Von Ernst & Cie AG

Barclays Diversified Portfolio (u)

Barclays Inv Funds (Luxembourg)

CMI Asset Management (Luxembourg) SA

Comgest SA

Commercial Union Luxembourg SA (u)

Dresdner Bank

Fleming Group (u)

[illegible]

Foreign & Colonial Emerging Markets Ltd (u)

Gartmore Luxembourg SA (u)

Jupiter Tyndall Global Fund

Liberty ALL-STAR World Portfolio

Mercury Asset Management Funds

S.G. Warburg Asset Mngmt Lux SA

[illegible]

S.G. Warburg Asset Mngmt Lux SA - Contd.

LUXEMBOURG (REGULATED)(**)

Alliance Capital

Asian Development Equity Fund

BAII Intermarket Fund

BAII (Interportfolio)

Banque Paribas Luxembourg

Citicorp Investment Mngmt (Luxembourg) SA

Credit Commercial de France

Credit Lyonnais Rouse (Bermuda) Ltd

Credit Suisse

Daiwa Japan Small Equity Fd (u)

The Dragon Fund Sicav

Europe Value Fund (u)

Fidelity Investment

The First Korea Smaller Companies Fund

Foreign & Colonial Emerging Markets Ltd

Global Futures & Options SICAV

Thornton Investment Management Ltd

S.G. Warburg Asset Mngmt Lux SA

[illegible]

HSBC NAFT Luxembourg SA

International Bond Trust

INVESCO International Limited

Lloyds Bank Luxembourg (u)

Lombard Odier Invest (u)

Merrill Lynch Asset Management

Morgan Stanley Sicav

Nikko Bank (Luxembourg) S.A.

Nomura Asian Infrastructure Fd

Pacific Basin Growth Fund

Rosenberg Global Mngt Co SA

Schroder Investment Management Ltd

SCUTECH SA

Societe Generale Group

Tempelton Emerging Asia Fund

Transworld Bond Trust

US Pacific Stock Fund Ltd

Union Financial Services SA Lux

[illegible]

"WINTERTHUR" Fund Mngmt Co (Lux) SA

World Bond Fund-SICAV (u)

World Trust Fund

Yamaichi Advanced Technology Fund

Yamaichi 1992 OMNI Fund SICAV (u)

OTHER OFFSHORE FUNDS

ATEP Management Ltd

Abtrust Fund Mngrs (Guernsey) Ltd

Adig Investment

Asia Malaysia Growth Fd (Cayman) Ltd

Allied Dunbar International Fund Mngrs

Asian Capital

Asiainvest Consultants Ltd

Atlantic Investment Fund Ltd

BEA Associates

Bank Von Ernst & Cie AG

Barclays Diversified Fund

Baring International Group

Bermuda Capital Company Ltd

Bermuda Intl Invest Mngmt Co Ltd

Bridge Management Ltd

Butterfield Management Co Ltd

CA Securities Investment Fund Mngmt Ltd

CDC International

Cathay Overseas Funds

Craig Drill Capital Ltd

The Dollar Fund

Dunbar International Trust Mgt Co Ltd

EBC Investment & Development Financing Ltd

Eagle Star International

Enskilda Asset Management

[illegible]

Ermitage Group - Contd.

Europe 1992

S.G. Europe Obligations SA

FPM / Swiss Financial Services

Fairbairn Global Capital Fund Ltd

Falcon Fund International Inc

Fidelity Investments

Fleming Capital Management

First Investments Ltd

First Mexico Income Fund

Five Arrows Chile Fund Ltd

Formosa Fund

Formosa Growth Fund Limited

GAM Asset Management

GO Fund Management (Bermuda) Ltd

GT Chile Growth Fund Ltd

GT Management Plc

Gala Currency Funds

Genesis Debt Fund

Genesis Equity Fund

Gartmore Emerging Markets Portfolio NV

Global Asset Management

Global Government Plus Fund

Global Investment Fund Ltd

Goldman Sachs

Green Way Guaranteed Ltd

Greystone Portfolio Ltd

Group Dee Limited

HSBC Asset Management (Bermuda) Ltd

Hill Samuel Asset Management

Hull Capital Corp

IDF Investment & Development Financing Ltd

The India Magnum Fund NV

Indosuez Asset Management Asia Ltd

Investec Guinness Flight

[illegible]

Jardine Fleming Unit Trusts Ltd - Contd.

Johnson Fry Securities Ltd

Jupiter Tyndall (Bermuda) Ltd

Kingdom Offshore N.V.

Korea China Super Fund Ltd

Korea Intl Investment Fund

Korea Investment Trust Co Ltd

Leveraged Capital Holdings

Lippo Asia Ltd

Lloyd George Management

Lloyds Bank Government Bonds

Lloyds Bank International (Bahamas) Ltd

London Portfolio Services Group

M&G (Bermuda) Ltd

Malaysia Capital Fund Ltd

Matterhorn Growth Fund

Mercury Fund Managers Ltd

Merrill Lynch Asset Management

Montaigne Emerging Markets Fund

Morgan Stanley Emerging Market Fund

Murray Investment Trust Company Ltd

Nomura Warrant Fund 1993 Ltd

North American Fund Ltd

North Star Fund Managers (Cayman) Ltd

Oriel Investments

Pacific Growth Fund

Pacific Rim Managed Derivatives Fund Ltd

Pelican Fund Ltd

Premier International Fund Ltd

Putnam Emerging Funds Ltd

[illegible]

Putnam International Advisers Ltd

Quantum Group

Regent Fund Management Ltd

Rothschild Asset Management (CI)

Royal Bank of Canada Intl Money Market Fd

Saffron Fortune Fund

Schroder Investment Management Limited

Schroders Asia Limited

Scudder, Stevens & Clark Inc

Segregated Securities (Bermuda) Ltd

Seychelles Fund Ltd

Shizuoka Investment Management Co (Bermuda) Ltd

Simon Robinson Investment Management Ltd

Smith Barney Funds

Sri Lanka Growth Fund

State Street Banque SA

Stronco Offshore Limited

Taiwan Fund Management Ltd

Templeton Galbraith & Hansberger Ltd

The Thai Development Capital Fd

Thai Euro Fund Ltd

The Thai Prime Fund Ltd

The Thailand Fund

Thornton Currency Funds

Thornton Investment Management Ltd

Trans Global Investments

Triumph Global Hedge Ltd

Tweedy Browne Partners Ltd

Ultra Bond Fund Ltd

Vestcorp Asset Management Corp

The Vietnam Fund Limited

Wells Fargo U.S. IT Fund

Worldwide Limited

Yamaichi Capital Management (Germany) Ltd

[illegible]

MANAGED FUNDS NOTES

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Mersey

WORLD STOCK MARKETS

NORTH AMERICA

UNITED STATES (Jun 24 / US$) (3 pm)

EUROPE

AUSTRIA (Jun 24 / Sch)

BELGIUM/LUXEMBOURG (Jun 24 / Frs.)

DENMARK (Jun 24 / Kr)

FINLAND (Jun 23 / Mks)

FRANCE (Jun 24 / Frs.)

GERMANY (Jun 24 / Dm.)

ITALY (Jun 24 / Lire)

NETHERLANDS (Jun 24 / Fls.)

NORWAY (Jun 24 / Kroner)

SPAIN (Jun 24 / Pts.)

SWEDEN (Jun 23 / Kronor)

SWITZERLAND (Jun 24 / Frs.)

CANADA (Jun 24 / Can. $) (3 pm)

AFRICA

SOUTH AFRICA (Jun 24 / Rand)

PACIFIC

JAPAN (Jun 24 / Yen)

AUSTRALIA (Jun 24 / AustS)

HONG KONG (Jun 24 / H.K.$)

MALAYSIA (Jun 24 / MYR)

SINGAPORE (Jun 24 / S$)

INDICES

	Jun 24	Jun 23	Jun 22	1994 High		1994 Low	
Argentina							
General (29/12/77)	(c)	18986.46	19220.71	23470.49	16/2	17756.98	20/4
Australia							
All Ordinaries(1/1/80)	2017.9	2022.5	2010.9	2340.60	3/2	1996.10	5/5
All Mining(1/1/80)	1024.2	1033.8	1036.1	1136.10	3/2	904.60	5/5
Austria							
Credit Aktien(30/12/84)	400.45	400.53	398.97	480.88	3/2	398.97	22/6
Traded Index(2/1/91)	1036.55	1035.09	1026.06	1222.25	1/2	1011.36	6/6
Belgium							
BEL20 (1/1/91)	1409.18	1409.08	1405.17	1542.95	9/2	1405.17	22/6
Brazil							
Bovespa (29/12/83)	(d)	31400.0	31986.0	32379.00	20/6	3800.90	3/1
Canada							
Metals Minls (1975)	(d)	3642.74	3642.76	3879.58	18/3	3290.06	20/4
Composite (1975)	(d)	4034.50	4052.16	4609.90	23/3	4034.50	23/6
PortfolioSS (4/1/83)	(d)	1868.26	1891.02	2182.99	1/2	1860.83	21/6
Chile							
IPGA Gen (31/12/80)	(c)	4469.6	4458.7	4867.80	4/2	3801.29	4/4
Denmark							
CopenhagenSE(3/1/83)	362.47	363.10	358.60	415.79	2/2	358.60	22/6
Finland							
HEX General(28/12/90)	(c)	1674.6	1661.9	1972.60	4/2	1601.19	3/1
France							
SBF 250 (31/12/90)	1260.28	1292.19	1281.81	1506.20	2/2	1270.01	21/6
CAC 40(31/12/87)	1907.02	1939.02	1917.04	2355.93	2/2	1890.78	21/6
Germany							
FAZ Aktien(31/12/58)	786.14	773.13	762.40	858.27	18/5	751.11	20/6
Commerzbank(1/12/53)	2172.5	2201.0	2160.3	2455.30	2/5	2162.80	20/6
DAX (30/12/87)‡	2005.31	2022.10	1994.42	2271.11	18/5	1968.82	20/6
Greece							
Athens SE(31/12/80)	847.16	838.12	830.12	1194.98	18/1	806.67	25/5
Hong Kong							
Hang Seng(31/7/64)	8881.00	8968.79	8876.84	12201.09	4/1	8380.44	4/5
India							
BSE Sens.(1979)	4213.0	4257.7	4324.1	4332.98	20/6	3484.00	5/1
Indonesia							
Jakarta Comp.(10/8/82)	468.87	470.86	473.13	612.89	5/1	454.32	26/4
Ireland							
ISEQ Overall(4/1/88)	1711.99	1738.43	1739.56	2082.16	20/1	1711.99	24/6
Italy							
Banca Comm Ital (1972)	698.92	707.44	691.63	817.17	10/5	598.85	10/1
MIB General (4/1/94)	1128.0	1142.0	1117.0	1318.00	10/5	944.00	10/1
Japan							
Nikkei 225 (16/5/49)	20766.75	21040.21	20681.32	21552.81	13/6	17369.74	4/1
Nikkei 300 (1/10/82)	303.99	308.07	299.28	311.71	13/6	258.22	4/1
Topix (4/1/68)	1673.07	1681.24	1648.87	1712.73	13/6	1445.97	4/1
2nd Section (4/1/68)	2458.90	2448.15	2407.27	2489.60	17/6	1973.33	4/1
Malaysia							
KLSE Comp.(4/4/86)	1015.30	1003.50	1015.43	1314.46	5/1	926.35	4/4
Mexico							
IPC (Nov 1978)	(c)	2242.98	2257.83	2881.17	8/2	1957.35	20/4
Netherland							
CBS TtlRtnGen(End 83)	416.8	415.3	419.4	464.90	31/1	408.80	21/6
CBS All Shr (End 83)	260.7	263.7	260.7	294.80	31/1	257.90	21/6
New Zealand							
Cap. 40 (1/7/86)	2036.77	2060.01	2029.53	2438.84	3/2	2012.82	6/5
Norway							
Oslo SE(Ind)(2/1/83)	1018.56	1016.44	994.69	1211.18	28/2	986.81	21/6
Philippines							
Manila Comp (2/1/85)	2769.14	2822.15	2815.95	3308.27	4/1	2607.33	9/3
Portugal							
BTA (1977)	(c)	2884.5	2843.1	3226.90	18/2	2812.80	20/6
Singapore							
SES All-S'pore(2/4/75)	551.54	552.62	551.41	641.81	4/1	523.28	4/4
South Africa							
JSE Gold (28/9/78)	2182.0♥	2222.0	2233.0	2381.00	4/1	1748.00	14/2
JSE Indl. (28/9/78)	6477.0♥	6586.0	6582.0	6757.00	15/6	6446.00	19/1
South Korea							
KoreaCompEx(4/1/80)**	929.45	935.57	936.39	974.28	2/2	855.37	2/4
Spain							
Madrid SE (30/12/85)	298.14	305.02	300.76	358.31	31/1	296.96	21/6
Sweden							
AffarsvarldnGen (1/2/37)	(c)	1373.4	1355.7	1593.90	31/1	1382.00	21/6
Switzerland							
Swiss Bk Ind (31/12/58)	1231.21	1243.28	1236.92	1423.34	31/1	1221.46	21/6
SBC General (1/4/87)	920.23	930.92	921.76	1088.29	31/1	908.62	21/6
Taiwan							
WeightedPr.(30/6/66)**	5939.82	5871.14	5957.81	6464.32	6/1	5194.83	19/3
Thailand							
Bangkok SET (30/4/75)	1292.54	1304.86	1311.81	1789.73	4/1	1196.59	4/4
Turkey							
Istanbul Comp.(Jan 1986)	19425.80	19340.79	19703.9	29889.80	13/1	12980.70	24/3
WORLD							
MS Capital Int (1/1/70)$	606.7*	615.1	612.9	641.99	1/2	591.80	4/4
CROSS-BORDER							
Eurotrack 100(26/10/90)	1328.34	1336.95	1323.00	1549.19	31/1	1303.46	21/6
Euro Top-100 (26/6/90)	1152.45	1169.91†	1158.37	1311.01	2/2	1143.06	21/6
JCapelDrgns (31/12/88)	(u)	307.58	305.92	395.19	5/1	290.28	21/3
Barings Emerg.(7/1/92)	150.36	151.55	151.73	182.72	14/2	141.85	21/4

CAC-40 STOCK INDEX FUTURES (MATIF)

	Open	Sett Price	Change	High	Low	Est. vol.	Open Int.
Jun	1904.0	1882.0	-52.0	1925.0	1880.0	33,882	38,426
Jul	1896.0	1877.5	-52.5	1919.0	1875.5	3,176	13,467
Sep	1916.5	1894.0	-62.0	1934.0	1913.0	2,610	21,617

Open interest figures for previous day.

** Sat Jun 18 : Taiwan Weighted Price (c) ; Korea Comp Ex 926.19. Base values of all Indices are 100 except Australia All Ordinary and Mining – 500; Austria Traded, BEL20, HEX Gen., MIB Gen., SBF250, CAC40, Euro Top-100, ISEQ Overall; Toronto Comp./Metals & Minerals and DAX – all 1,000; JSE Gold – 255.7; JSE 28 Industrials – 264.3; NYSE All Common – 50 and Standard and Poor's – 10. §§ Montreal. ♦ Toronto. (c) Closed. (u) Unavailable. ‡ IBIS/DAX after-hours Index: Jun 24 - 2006.07 -27.46

US INDICES

Dow Jones	Jun 23	Jun 22	Jun 21	1994 High	1994 Low	Since compilation High	Since compilation Low
Industrials	3699.09	3724.77	3707.97	3978.36 (31/1)	3593.35 (4/4)	3978.36 (31/1/94)	41.22 (2/7/32)
Home Bonds	98.14	98.16	98.04	105.81 (21/1)	96.43 (13/5)	108.77 (18/10/93)	54.99 (1/10/81)
Transport	1625.49	1620.84	1616.43	1862.29 (2/2)	1546.02 (20/4)	1862.29 (2/2/94)	12.32 (8/7/32)
Utilities	178.23	178.80	178.42	227.86 (3/1)	177.76 (12/5)	256.46 (31/8/93)	10.50 (8/4/32)

DJ Ind. Day's high 3752.04 (3748.87) Low 3685.14 (3684.85) (Theoretical♦)
Day's high 3741.28 (3733.34) Low 3694.80 (3707.97) (Actual♦)

Standard and Poors	Jun 23	Jun 22	Jun 21	1994 High	1994 Low	Since compilation High	Since compilation Low
Composite ‡	449.63	453.09	451.34	482.00 (2/2)	435.92 (4/4)	482.00 (2/2/94)	4.40 (1/6/32)
Industrials♥	522.83	527.24	525.33	580.59 (2/2)	516.95 (21/4)	586.59 (2/2/94)	3.62 (21/6/32)
Financial	44.92	45.30	45.07	48.94 (14/6)	41.39 (4/4)	48.40 (25/3/93)	8.64 (1/10/74)
NYSE Comp.	248.29	249.97	249.10	267.71 (2/2)	243.14 (4/4)	267.71 (2/2/94)	4.46 (25/4/42)
Amex Mkt Val	431.25	433.22	431.87	487.89 (2/2)	427.80 (20/4)	487.89 (2/2/94)	29.31 (9/12/72)
NASDAQ Cmp	700.85	712.74	705.79	803.93 (18/3)	700.85 (23/6)	803.93 (18/3/94)	54.87 (31/10/72)

RATIOS

	Jun 17	Jun 10	Jun 3	Year ago
Dow Jones Ind. Div. Yield	2.65	2.68	2.68	2.95
	Jun 22	Jun 15	Jun 8	Year ago
S & P Ind. Div. yield	2.46	2.42	2.44	2.51
S & P Ind. P/E ratio	23.18	23.51	23.31	25.42

STANDARD AND POORS 500 INDEX FUTURES $500 times index

	Open	Latest	Change	High	Low	Est. vol.	Open Int.
Sep	450.60	448.65	-2.00	450.50	448.00	57,432	191,188
Dec	-	453.10	-	-	-	1,408	9,716
Mar	-	456.40	-	-	-	12	1,842

Open interest figures are for previous day.

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Close price	Change on day
Gen Electric	5,188,100	45¼	+½
Kemper	4,798,500	52¾	+3½
Telefonos	2,983,900	55⅝	-1⅝
Philip Morris	2,569,800	51⅞	-1¼
K-Mart	2,503,000	16	+⅛
Shaw Inds	2,498,600	16	—
Liz Claibrn	2,266,700	19⅝	—
Pepsico	2,154,900	31¼	-⅜
Compaq	2,006,100	32¼	-⅞
Intl Game	1,913,200	17½	-⅜

TRADING ACTIVITY

● Volume (million)

	Jun 23	Jun 22	Jun 21
New York SE	266.153	251.017	293.687
Amex	19.957	16.732	19.577
NASDAQ	310.312	263.899	296.510
NYSE			
Issues Traded	2,836	2,815	2,837
Rises	719	1,262	495
Falls	1,416	850	1,713
Unchanged	701	693	629
New Highs	15	22	7
New Lows	79	65	108

† Correction. * Calculated at 15.00 GMT. ● Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ♦ The DJ Ind. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ♥ Subject to official recalculation.

WORLD STOCK MARKETS

AMERICA

US stocks sharply lower at midsession

Wall Street

US stocks plunged yesterday morning amid an ineffective effort by the world's central banks to propel the falling dollar higher, *writes Frank McGurty in New York.*

By 1 pm, the Dow Jones Industrial Average was down 30.69 at 3,668.33, as the blue chip stocks were swamped by several waves of computer-guided selling. The NYSE imposed its "uptick" restrictions on program trading at 11 am, after the Dow's decline crossed the 50-point threshold.

But the losses were not confined to the blue chips, as in other recent sessions. The more broadly based Standard & Poor's 500 was 3.73 lower at 445.90.

Declining issues on the NYSE outnumbered advances, 1,698 to 422 in moderate volume of 162m shares.

In the secondary markets, the American SE composite was off 3.26 at 427.99, and the Nasdaq composite shed 1.96 to 698.89.

Before the opening, investors were braced for a rocky session. Overnight the dollar had dropped a full yen against the Japanese currency and was again nearing its post war lows, after two days of relative stability. News of the intervention, led by the Federal Reserve and the Bundesbank, reached the market just as trading began. The reaction was decidedly negative, as the Fed's rescue mission appeared to underscore the US currency's vulnerability and raised doubts about the sustainability of its support efforts.

The sell-off in stocks gathered pace as the morning progressed and it became apparent that the intervention was having little effect on the dollar's value. Bonds breached a key support level, and share prices broke into a free-fall which was finally broken when the program-trading "collar" was put in place.

The morning's events suggested the Fed may have no choice but to lift interest rates again. As a result, the share prices of companies which would suffer the most from an economic slowdown were the hardest hit yesterday. Alcoa dropped $1⅝ to $73¾, 3M lost $1⅛ to $49⅞ and International Paper shed $1 to $68.

Transport issues flagged, with the Dow Jones Transportation Index showing a 21-point decline, or 1.30 per cent, to 1,604.63. Among the airlines, UAL, parent of United, fell $2⅝, to $122⅝ and AMR, parent of American, dropped $1⅛ to $57⅛. Roadway, a trucking company, was down $2 to $66⅝.

Surprisingly, technology issues held up fairly well, thanks in part to bargain hunters taking advantage of good values created by yesterday's rout. The shift to a more positive mood also followed Cowen & Company's upgrading of its investment rating on Oracle Systems, which develops database-management software. The stock jumped $2 to $36⅝.

Among other widely held Nasdaq issues, Lotus Development improved $1⅞ to $35⅛, Wellfleet added $1⅛ to $22⅝ and Atmel climbed $1⅛.

On the negative side, Gateway 2000, which sells personal computers through the post, was marked down $2 to $10⅝, or 16 per cent, after warning that its second-quarter earnings would be "minimal".

Canada

Toronto was undermined by the weakness of Wall Street and lower Canadian bonds and the TSE-300 Composite index was 42.93 lower at 3,991.60 at midday, in volume of 27.2m shares.

Hollinger fell for the second straight day, giving up C$⅝ to C$13⅞ as shares in the Telegraph newspapers group in London suffered further losses after joining the UK newspaper price war.

Mexico

Equities slipped further by midday, tracking the fall of Telmex on Wall Street. The IPC index of 37 leading shares was down 16.01 or 0.7 per cent at 2,241.62.

Telmex, which was down $⅝ at $56⅛ on Wall Street, shed 1.04 per cent on its L shares in Mexico and eased 0.63 per cent on its A shares. Telmex accounted for 18m of the 29.8m shares traded by midday.

Of 61 issues changing hands, declining stocks outnumbered gainers by 33 to 7 with 21 unchanged.

Little to cheer about as Irish track bonds

Tim Coone on the 1994 decline in Dublin equities

If fund managers have experienced difficulty in tracking down their usual equity or bond dealer in Dublin in the past week or so, the reason is straightforward.

Dozens of dealers from the city's four main broking houses have packed their sunglasses, sports shirts and sunblocks, and headed for the United States. Along with tens of thousands of other Irish football supporters, they have been yelling "Olé Olé Olé" from the terraces of US sports stadiums, urging on Ireland's team in the World Cup, rather than Irish stocks from their trading desks.

They can hardly be blamed, as there has been little to cheer about in the Irish stock market so far this year.

Last year's sustained rally, which saw the ISEQ overall index rise 54 per cent to 1,889, peaked in January at 2,082; it is now 9.4 per cent down on the year to date, and 17.8 per cent down from its peak. The index fell another 26.44 to 1,711.99 last night.

The cause of this, the slump in bond prices, has been shared with other European markets but the bear market has been particularly hard on Irish gilts, not least because of the widespread perception that the Central Bank is now preferentially tracking sterling rather than the D-Mark in managing the exchange rate.

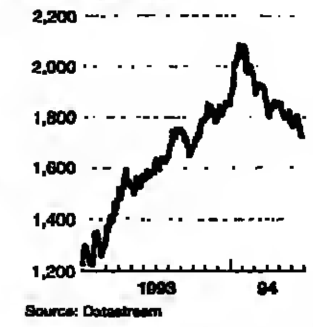
According to Mr Dan McLaughlin, the chief economist at Riada stockbrokers, Irish gilts are now trading at 150 basis points over German bunds, compared to 40 basis points just six months ago. "There has been a fundamental shift in the Irish market . . . dealing rooms in Dublin are watching the UK now rather than the German market." The focus on sterling and the slide in the UK equity market has in turn driven the fall in the Irish equity market.

Financial and food stocks have suffered the hardest knocks in the Irish league table. The main financials, AIB, Bank of Ireland and Irish Life, whose combined market capitalisation comprises 30 per cent of the Dublin market total, have fared worse than average, being more sensitive to the performance of gilts. AIB is almost 20 per cent down from its 1993 high, while Bank of Ireland and Irish Life are down some 12-15 per cent.

In foods, which comprise 15 per cent of the market's capitalisation, Avonmore, Waterford Foods and Golden Vale are the companies most exposed to current uncertainties in the dairy industry, further exacerbated by Golden Vale's recent profits warning. Their share prices stand from 20 to 40 per cent lower than their 1993 peaks.

Ireland

ISEQ Overall Index



Source: Datastream

Significant exceptions which have bucked the downward trend are Kerry Group, IAWS and Greencore in the food sector, ICG the shipping group, and Waterford Wedgwood. Smurfit is also showing signs of recovery as the market has begun to take a more favourable view of the paper and packaging industry generally. All have made gains on their 1993 highs.

But, being June, it is just half-time, and Dublin brokers who have stayed at home are confident that ground lost in the first half will be made up in the second. Mr Robbie Kelleher, head of research at Davy stockbrokers, says: "It doesn't require a huge rally in bonds, just stabilisation, to get the equity market rallying."

Mr Brendan Lynch, senior economist at BCP brokers, agrees. "The European bond markets are ready for a turn. They have reached an oversold position. A steadying of the bond market will set the base for the equity market to gain on economic performance and improved earnings."

Encouraging economic forecasts from a range of analysts give cause for optimism for corporate earnings this year.

One of the latest, published by Goodbody stockbrokers this week, points to strong export growth and a recovery in domestic demand which will raise real GDP by close to 5 per cent in 1994. "This year is likely to see the beginning of a boom period of balanced and sustained growth which is set to last for at least five years," Goodbodys predicts. Inflation is not expected to rise significantly, adding to the good news for the equity market.

On similar calculations, Mr Kelleher believes the ISEQ index should advance by some 15 per cent to around 2,100 by the year-end. He says that the market is currently trading on 11 times 1994 earnings, and "less than 10" on prospective earnings for 1995. "In relative terms, the Irish market still looks cheap," he says.

While the remainder of 1994 and 1995 may herald a renewed rally, the months ahead will also bring a number of changes in the way the market operates. The separation of the Dublin and London stock exchanges, originally planned for 1993, is now anticipated for the end of 1994. Legislation necessary to bring this into effect is to be presented in the Dail this autumn.

Second, the National Treasury Management Agency (NTMA) hopes to have a market-making system for gilts in place by next year, for the first time since the market was established 200 years ago. The aim is to achieve greater liquidity in Irish gilts, and thereby reduce government borrowing costs and yield differentials relative to other European gilts. Insofar as equity prices are currently being driven by gilt prices, smaller gilt price differentials should also mean smaller p/e differentials with other European equity markets.

EUROPE

Bourses unimpressed by dollar intervention

Central bank intervention in support of the dollar was unable to rescue bourses yesterday afternoon, *writes Our Markets Staff.*

FRANKFURT wrote an unsettled and gloomy end to the official week, down 2.2 per cent and closing with the Dax index 16.79 lower at 2,005.31.

There was a brief recovery later, but the Ibis-indicated Dax subsided again to close at 2,005.07. "Currency intervention never lasts," said a broker. "It's an emergency signal, a bit of a panic measure, and it shows that something is radically wrong."

Turnover fell from DM9.2bn to DM7bn. Activity was dominated by another sharp fall in Deutsche Bank, which ended DM18.20 lower at DM669.80, after DM663, down 8.5 per cent on the week.

The stock's outlook has been clouded by investor worries about the bank's exposure to volatile debt markets and recent property scandals.

PARIS fell away sharply in line with the trend among the late closing markets with the CAC-40 index finishing just above the 1,900 support level at 1,907.02, a decline of 32.00 for the session and 1.4 per cent for the week. Turnover on the first day of the new account was estimated at some FFr3.4bn.

In spite of the overall gloomy mood some bright spots could be found among equities. Sanofi improved FFr38 to FFr853 in reaction to Thursday's news that it was buying Sterling Winthrop's prescription drug business, while some of the companies which have been forecasting better earnings prospects also turned positive, St Gobain up FFr2 at FFr648 and Michelin adding FFr6.70 at FFr221.50.

There was more bad news for Euro Disney, suspended limit down at one stage before closing down FFr3.10 or 19 per cent at FFr12.90. There has been considerable technical trading in the shares as doubts have grown about the aftermath of the ongoing FFr6bn rights issue.

Elf Aquitaine slipped FFr14 to FFr390 as the group issued a profits warning.

ZURICH ended under renewed pressure. The SMI index fell through support at the 2,580 level, losing 49.5 to 2,571.2, for a 1.9 per cent drop on the week.

Cyclicals remained vulnerable, said Mr Frederick Hasslauer at Bank Sal Oppenheim, to the threat of earnings revisions on the back of the weak dollar. Sulzer lost SFr18 to SFr912 while Holderbank was SFr17 down at SFr900.

Banks, which had earlier in the week halted their long slide, turned lower again, losing an average of 1 per cent, although CS Holding fell SFr17 or 3.1 per cent to SFr535.

MILAN overcame early weakness as local investors covered positions ahead of the weekend although the Comit index failed to register the late improvement, losing 8.52 at 698.92, unchanged on the week.

Olivetti, however, was a bright spot, rising L45 to L2,455 following its link with Hughes Network System to provide digital satellite communications across Europe. CIR, the holding company, climbed L65 to L2,525.

Montedison gained another L22 or 1.5 per cent to L1,490 as investors concentrated on its turnround potential.

MADRID reacted badly to the failure of dollar intervention, banks particularly weak as the general index dropped 5.88, or 1.9 per cent to 299.14, 2.8 per cent lower on the week.

The exception in the banking sector, once again, was Bankinter, where 600,000 shares were put through the market, Bankinter itself buying from Santander at Pta11,500 a share. The shares closed unchanged at Pta11,000.

Elsewhere, the decline took in construction, utilities and US favourites like Repsol, down Pta125 at Pta3,870, but Telefónica showed relative strength, easing just Pta15 to Pta1,760.

Brokers said that there was strong buying on the run-up to the placing of Telefónica International.

AMSTERDAM was unsettled by the currencies turbulence with many of its multinationals dependent on dollar earnings. The AEX index finished at the session low of 381.43, down 5.95 on the day and 2.8 per cent on the week.

FT-SE Actuaries Share Indices

Jun 24 — THE EUROPEAN SERIES

Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1325.42	1328.51	1325.39	1324.53	1326.33	1325.88	1331.50	1328.34
FT-SE Eurotrack 200	1353.88	1352.98	1352.97	1350.32	1352.04	1351.24	1355.55	1354.15

	Jun 23	Jun 22	Jun 21	Jun 20	Jun 17
FT-SE Eurotrack 100	1336.98	1321.00	1363.48	1308.43	1350.34
FT-SE Eurotrack 200	1366.22	1357.37	1345.33	1351.80	1369.87

Base 1000 (26/10/90); Highday: 100 - 1332.79; 200 - 1358.58 Lowday: 100 - 1321.22 200 - 1346.89

Written and edited by William Cochrane, John Pitt and Michael Morgan

SOUTH AFRICA

Johannesburg underwent a sharp correction, taking its lead from weaker world markets and the easier bullion price. The overall index was 96 lower at 5,592, industrials lost 109 to 6,477 and golds fell 40 to 4,733. Rembrandt lost R2 to R26 and SAB fell R3 to R88.

ASIA PACIFIC

Nikkei down 1.3 per cent on fears over yen

Tokyo

Further worries over the yen kept most investors absent and the Nikkei index lost ground on technical selling amid low volume, *writes Emiko Terazono in Tokyo.*

Arbitrage selling depressed the 225-issue by 273.46 points, or 1.3 per cent to 20,766.75, off 3.4 per cent on the week. Volume thinned to 350m shares against 389m.

The index opened at the day's high of 20,998.30, but soon declined on arbitrage selling and index-linked trading which overwhelmed buying of blue chips by investment trusts and public funds. The index hit a low of 20,755.45 in the afternoon.

The Topix index of all first section stocks lost 8.17 to 1,673.07 and the Nikkei 300 closed down 2.08 at 303.99. Declines led advances by 677 to 364, with 154 unchanged and, in London, the ISE/Nikkei 50 index rose 0.67 to 1,362.66.

A no confidence vote by the opposition Liberal Democratic Party against the minority government also unnerved investors.

Banks were lower on arbitrage selling. Industrial Bank of Japan fell Y30 to Y3,240 and Mitsubishi Bank declined Y20 to Y2,660.

Daiei, which attracted buying on Thursday following reports that it would start a joint retailing venture in China, lost Y60 to Y1,670 on profit-taking.

Large capital steels also declined on profit-taking. Nippon Steel fell Y5 to Y357. But Mitsubishi Heavy Industries gained Y3 to Y795 on investment trust support.

The yen's late rise eroded earlier gains posted by high-technology stocks, which were supported by investment trust led buying. Hitachi closed unchanged at Y1,040, but Fujitsu lost Y10 to Y1,110.

In Osaka, the OSE average fell 79.19 to 23,242.38 in volume of 28.8m shares.

Roundup

A weak US dollar and uncertainties over interest rates continued to preoccupy the region.

HONG KONG ended lower on the US dollar although local bargain-hunting was encouraged by optimism on the new airport. The Hang Seng index closed down 85.75 at 8,881.00, 2.6 per cent lower on the week.

KUALA LUMPUR recovered with the return of foreign buying. The benchmark KLSE Composite index closed up 11.53 at 1,015.03, still 2.2 per cent down on the week. Volume was thin, reflecting investors' caution over the market's direction after falls on Wall Street overnight.

TAIPEI moved higher on buying in the paper and plastics sectors, although brokers said that the upsurge might not last long with investors short of confidence. The weighted index closed 68.48 higher at 5,939.62, 3.6 per cent lower on the week. Turnover fell to T$47.36bn from Thursday's T$52.64bn.

SYDNEY's trading was inflated by the expiry of options, the All Ordinaries index closing 34.2 lower at 2,017.9, down 1.6 per cent on the week as turnover soared from A$579m to A$1.46bn.

SEOUL ended lower on a strike by railway workers, although some blue chips staged a rebound from earlier declines as the composite index fell 6.12 to 929.45, up 1.2 per cent on the week.

Kepco gained Won200 to Won26,200 and Korea Mobile Telecom advanced Won900 to Won318,900. Volume was 47m shares against 62.3m on Thursday.

WELLINGTON lost more ground in the international investment gloom, the NZSE-40 index ending 21.24 lower at 2,038.77, down 2.9 per cent over the week. Telecom was hit again by arguments for investment in fixed interest securities, as local and world interest rates continue to rise, as well as by selling on Wall Street.

MANILA fell through the the 2,800 support level, sparking fears of a downward spiral if no positive factors emerged. The composite index closed 33.01 lower at 2,789.14, down 3.2 per cent on the week as most blue chips fell on profit-taking. Turnover more than doubled to 1.34bn pesos, compared with the previous 654.28m.

JAKARTA closed lower in sluggish trade, with overseas investors sidelined mainly on concerns over US interest rates. The official index ended 2.09 lower at 468.87, 1.6 per cent down on the week.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Ltd., Goldman, Sachs & Co. and NatWest Securities Ltd. in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of lines of stock	THURSDAY JUNE 23 1994 US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	WEDNESDAY JUNE 22 1994 US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX 52 week High	52 week Low	Year ago (approx)
Australia (69)	169.71	-0.8	163.62	108.51	141.48	153.71	0.4	3.59	171.10	165.24	108.94	142.42	153.04	188.18	130.19	131.57
Austria (17)	180.57	0.8	173.96	116.45	150.53	150.27	0.9	1.06	179.16	172.97	114.04	149.09	148.93	196.41	142.90	148.55
Belgium (37)	164.74	0.1	158.74	105.33	137.34	134.19	0.3	4.12	164.66	158.97	104.81	137.02	133.77	176.67	142.48	143.66
Canada (106)	123.33	-0.2	118.83	78.85	102.81	123.62	-0.3	2.74	123.54	119.27	78.63	102.80	124.04	145.31	121.46	130.01
Denmark (33)	256.38	1.4	247.03	163.92	213.73	213.69	1.7	1.34	252.78	244.03	160.88	210.33	215.97	275.79	207.58	213.20
Finland (24)	141.60	0.8	136.43	90.54	118.04	158.43	1.0	0.90	140.49	135.64	89.42	116.91	156.93	156.72	85.54	85.83
France (97)	163.46	0.7	157.49	104.51	136.26	140.70	0.9	3.19	162.34	156.73	103.33	135.09	139.48	185.37	149.60	152.03
Germany (58)	135.15	1.2	130.23	86.42	112.67	112.67	1.4	1.83	133.53	128.92	84.99	111.12	111.12	147.07	107.59	109.49
Hong Kong (56)	365.56	1.5	352.23	233.73	304.75	362.79	1.0	3.27	361.98	349.49	230.40	301.22	359.18	508.58	271.42	286.17
Ireland (14)	186.19	0.2	179.40	119.05	155.22	173.48	0.0	3.52	185.72	179.30	118.21	154.54	173.39	209.33	155.83	156.59
Italy (60)	85.32	2.2	82.21	54.55	71.13	100.40	2.3	1.57	83.49	80.61	53.14	69.48	98.14	67.78	67.88	88.39
Japan (468)	166.21	1.6	169.15	106.27	138.56	106.27	2.1	0.72	163.57	157.92	104.11	136.11	104.11	188.24	124.54	142.06
Malaysia (98)	475.13	-1.4	457.81	303.79	396.10	473.39	-1.4	1.72	481.63	465.00	306.56	400.79	479.96	621.53	312.51	323.56
Mexico (18)	1909.89	-0.5	1840.23	1221.10	1592.18	7069.51	-0.2	1.10	1918.43	1852.16	1221.09	1596.35	7084.33	2547.06	1481.09	1490.20
Netherland (27)	196.93	1.0	181.66	127.20	165.84	163.16	1.2	3.48	196.86	190.18	125.37	163.90	161.21	207.45	164.22	166.49
New Zealand (14)	67.97	1.6	65.49	43.46	56.56	60.99	2.5	3.92	66.90	64.59	42.59	55.68	53.77	77.59	46.80	48.03
Norway (23)	184.06	2.1	177.35	117.69	153.44	174.32	2.4	1.90	180.29	174.06	114.75	150.02	170.21	206.42	150.61	152.89
Singapore (44)	338.42	0.3	326.08	216.38	282.12	238.33	0.2	1.77	337.47	325.82	214.80	280.82	237.74	378.92	242.46	245.05
South Africa (59)	281.62	-0.6	271.35	180.06	234.77	281.16	-0.5	2.17	283.37	273.58	180.37	235.80	282.65	284.56	175.83	192.06
Spain (42)	137.92	1.6	132.89	88.16	114.98	138.99	1.5	4.16	135.69	131.00	86.37	112.91	136.96	135.79	116.33	127.73
Sweden (36)	206.48	1.0	198.96	132.02	172.14	235.37	1.1	1.70	204.38	197.32	130.09	170.07	232.72	231.35	163.85	165.62
Switzerland (47)	159.51	0.8	153.69	101.99	132.97	133.45	1.0	1.82	158.19	152.72	100.69	131.63	132.16	176.56	124.46	125.33
United Kingdom (205)	184.75	-0.4	178.02	118.13	154.02	178.02	-0.6	4.22	185.52	179.11	118.09	154.38	179.11	214.96	170.32	173.48
USA (519)	183.36	-0.8	176.67	117.24	152.85	183.36	-0.8	2.92	184.74	178.36	117.58	153.73	184.74	196.04	178.95	181.15
EUROPE (720)	162.85	0.5	156.91	104.12	135.76	148.58	0.5	3.14	162.01	156.42	103.12	134.81	147.77	178.58	141.58	142.73
Nordic (116)	200.95	1.2	193.62	128.48	167.52	197.97	1.3	1.51	198.63	191.77	126.43	165.29	195.36	220.60	155.82	157.22
Pacific Basin (750)	173.22	1.4	166.90	110.75	144.40	115.61	1.8	1.04	170.86	164.99	108.77	142.20	113.55	173.75	134.79	145.92
Euro-Pacific (1470)	168.73	1.0	162.58	107.88	140.66	129.23	1.3	1.69	167.02	161.25	106.31	138.98	127.57	170.76	143.86	144.50
North America (625)	179.64	-0.7	173.08	114.85	149.75	179.27	-0.7	2.82	180.95	174.70	115.17	150.57	180.60	192.73	175.67	177.97
Europe Ex. UK (515)	147.29	1.1	141.92	94.18	122.79	130.40	1.2	2.50	145.73	140.70	92.78	121.27	128.81	157.47	122.37	123.64
Pacific Ex. Japan (281)	244.13	-0.1	235.23	156.10	203.53	219.06	0.3	2.92	244.30	235.87	155.50	203.30	218.38	296.21	182.38	184.03
World Ex. US (1653)	169.55	0.9	163.37	108.41	141.34	132.43	1.2	1.90	167.96	162.16	106.91	139.76	130.84	172.51	145.31	145.31
World Ex. UK (1967)	171.98	0.4	165.71	109.96	143.37	145.81	0.6	2.06	171.25	165.33	109.00	142.50	144.39	175.58	154.59	154.66
World Ex. So. Af. (2113)	172.46	0.4	166.17	110.27	143.77	147.34	0.5	2.26	171.84	165.90	109.38	142.99	146.56	178.56	156.21	156.21
World Ex. Japan (1703)	179.17	-0.2	172.64	114.56	149.37	172.08	-0.2	2.96	179.57	173.36	114.30	149.42	172.39	195.20	165.72	165.72
The World Index (2172)	173.13	0.3	166.82	110.70	144.33	148.40	0.5	2.26	172.63	166.57	109.81	143.56	147.63	178.97	156.36	158.35

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Latest prices were unavailable for this edition.

LONDON EQUITIES

LIFFE EQUITY OPTIONS

[illegible]

RISES AND FALLS

	On Friday Rises	Falls	Same	On the week Rises	Falls	Same
British Funds	4	60	6	125	181	54
Other Fixed Interest	6	6	15	21	23	31
Mineral Extraction	24	103	72	222	388	387
General Manufacturers	40	314	306	399	1,092	1,509
Consumer Goods	16	95	61	105	373	482
Services	23	233	251	269	774	1,496
Utilities	3	34	8	45	137	47
Financials	26	213	134	286	726	853
Investment Trusts	1	344	124	301	1,050	993
Others	4	92	33	99	398	167
Totals	141	1,488	1,032	1,872	5,143	6,324

Data based on those companies listed on the London Share Service.

TRADITIONAL OPTIONS

First Dealings	June 13	Last Declarations	Sept 15
Last Dealings	June 24	For settlement	Sept 26

Calls: [illegible]

LONDON RECENT ISSUES: EQUITIES

[illegible]

RIGHTS OFFERS

[illegible]

FT GOLD MINES INDEX

[illegible]

FINANCIAL TIMES EQUITY INDICES

[illegible]

LONDON SHARE SERVICE

BANKS

	Notes	Price	+ or –	1994 high	low	Mkt Cap£m	Yld Gr's	P/E
ABN Amro Fl		£21¼	+¼	£25¾	£20½	8,330	5.2	Φ
ANZ A$		187¾	–8¼	278¾	180¾	2,488	5.0	14.4
Abbey National	N□	387	–10	502	381	5,128	4.0	13.1
Allied Irish I£	♣N□	238	–2	314	238	1,567	6.3	9.1
Anglo Irish I£	N□	60xd	–2	*70	50	172.1	0.8	9.1
Asahi Y		788¾	—	784½	628	17,599	0.6	Φ
Banco Bil Viz Pta		£15	–⅛	£16⅞	£14⅛	3,483	6.5	8.8
Banco Sant Pta		£30½	—	*£30½	£23¾	4,609	4.7	10.5
Bk Ireland I£	N□	280xd	–2	*318	246	1,225	3.8	7.8
Bank Scotland	♣N□	188xd	–1	247	172½	2,166	3.4	15.2
9¼pc Pf		119¾	—	141½	114	115.8	19.0	–
9¾pc Pf		120¾	–¾	148½	119¼	120.8	19.1	–
Barclays	♣N□	520	–15	640	487	8,489	3.6	61.5
Dai Ichi Kan Y		£12⅝	–⅜	£12⅝	£10⅞	38,304	0.4	69.7
Deutsche DM		£270⅜	–6⅝	£344¾	£270⅜	12,888	2.2	–
Espirito Santo		£18	+⅛	£25⅞	£17⅞	192.4	4.4	4.3
First Nat Fin	N□	74	–1	*90	60	122.8	2.5	–
6.3pc Cv Pf		80xd	—	*90	17	6.38	0.6	–
7pc Cv Pf		140xd	—	171	123	66.4	8.9	–
Fuji Bank Y		1488½	–32	1848¼	1152½	41,862	0.4	Φ
HSBC HK	N□	682½	–16½	1185	687	12,118	4.2	10.0
HSBC (75p Shs)	N□	674	–15	1112	308	6,706	4.4	0.5
Lloyds	N□	522	–18	658	522	6,748	5.3	11.0
Mitsubishi Y		£17	–⅞	£18⅝	£15⅝	48,990	0.3	Φ
Mits Tst & Bk Y		1080½	–32	1162¾	887½	13,808	8.8	17.0
Mitsui 1st & Bk Y		784	–25¼	879	514	9,394	9.7	29.7
Nat Aust A$	†	585¾xd	–11¼	820¼	502½	8,761	4.7	12.3
NatWest	N□	436	–11	592	421	7,305	5.3	18.0
Ottomane FFr		£23½	—	£38	£23½	117.8	5.2	Φ

CHEMICALS

BREWERIES

BUILDING & CONSTRUCTION

BUILDING MATS. & MERCHANTS

DISTRIBUTORS

DIVERSIFIED INDUSTRIALS

ELECTRICITY

ELECTRONIC & ELECTRICAL EQPT

ELECTRONIC & ELECTRICAL EQPT - Cont.

ENGINEERING

ENGINEERING, VEHICLES

EXTRACTIVE INDUSTRIES

FOOD MANUFACTURERS

GAS DISTRIBUTION

HEALTH CARE

HEALTH CARE - Cont.

HOUSEHOLD GOODS

INSURANCE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

[illegible]

OTHER INVESTMENT TRUSTS

The following investment trusts are not eligible for inclusion in the FT-SE Actuaries Share Indices.

[illegible]

INVESTMENT COMPANIES

[illegible]

LEISURE & HOTELS

[illegible]

LEISURE & HOTELS - Cont.

[illegible]

LIFE ASSURANCE

[illegible]

MEDIA

[illegible]

MERCHANT BANKS

[illegible]

OIL EXPLORATION & PRODUCTION

[illegible]

OIL, INTEGRATED

[illegible]

OTHER FINANCIAL

[illegible]

OTHER SERVICES & BUSINESSES

[illegible]

PHARMACEUTICALS

[illegible]

PRINTING, PAPER & PACKAGING

[illegible]

PROPERTY

[illegible]

PROPERTY - Cont.

[illegible]

RETAILERS, FOOD

[illegible]

RETAILERS, GENERAL

[illegible]

SPIRITS, WINES & CIDERS

[illegible]

SUPPORT SERVICES

[illegible]

TELECOMMUNICATIONS

[illegible]

TEXTILES & APPAREL

[illegible]

TOBACCO

[illegible]

TRANSPORT

[illegible]

TRANSPORT - Cont.

[illegible]

WATER

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

SOUTH AFRICANS

	Notes	Price	+ or -	1994 high	1994 low	Mkt Cap£m	Yld Gr's	P/E
Anglo Am Ind.		£27¾	—	£27½	£12½	1,774	2.7	15.5
Barlow		£4½xd	—	£5⅝	£3½	945.0	6.8	8.8
Gold Flds Prop R.		108	—	108	76	13.8	9.4	9.4
NK Props.	§	85	—	95	65	3.42	10.5	34.9
SASOL	¥	349	—	392	280	1,955	4.5	-
SA Brews		£12⅞xd	—	£15⅛	£10	6,848	2.2	20.9
Tiger Oats	†	858xd	—	836	538	985.5	2.4	13.9
Tongaat-Hulett		719	—	761	434	538.1	2.2	20.1

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service delivered by Extel Financial, a member of the Financial Times Group.

Company classifications are based on those used for the FT-SE Actuaries Share Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols relating to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- □ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ) and non-UK stocks through the SEAQ International system
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ф Figures or report awaited
- ¥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ Free annual/interim report available, see details below.
- ☆ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Not officially UK listed; dealings permitted under Rule 535(2)
- # Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
6 Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings.
x Not subject to ACT.
z Dividend yield includes a special payment
F Yield based on prospectus or other official estimates for 1994-95.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1993.
K Yield based on prospectus or other official estimates for 1994
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1993-94.
N Figures based on IMR 'Headline Earnings'
P Figures based on prospectus or other official estimates for 1994.
R Forecast annualised yield, p/e based on prospectus or other official estimates.
T Figures assumed
W Pro forma figures.
Z Dividend yield to date

Abbreviations:
xd ex dividend;
xc ex scrip issue;
xr ex rights;
xa ex all;
xi ex capital distribution.

FINANCIAL TIMES
Weekend June 25/June 26 1994

Group will vote at AGMs against directors' three-year deals

PosTel draws line on contracts

By William Lewis

PosTel, the £20 billion investment management group, is to vote at company annual meetings against the rs-election of directors who have rolling employment contracts longer than two years.

The decision comes after concern was expressed over large pay outs to directors when they are forced to resign. Directors with three-year rolling contracts can receive np to three times their basic salary if they are forced out.

Implementation of the policy will begin "with the AGM proxies we start filling in on Monday," Mr Alastair Ross Goobey, chief executive of PosTel, said yesterday. Among directors likely to be immediately affected are those of several privatised electricity and water companies which are still to hold their AGMs.

It is also likely to lead PosTel, which handles investment for the Post Office and BT pension funds, into conflict with the directors of rival fund management organisations. For example Mr Mick Newmarch, chief executive of Prudential Corporation, has a three-year service contract against which PosTel will vote.

Mr Ross Goobey, said yesterday he hoped other institutional shareholders would back his campaign. However, Mr Michael Sandland, chief investment manager of Norwich Union, said: "We have not been supporters of contracts which are three-year rolling contracts but we have no current plans to follow Postel."

The action was also heavily criticised by those directors who are likely to be targeted. Mr Peter Hunt, chairman of Land Securities, defended three-year rolling contracts.

They are "normal and best current practice," he said. "Yon have to have three-year contracts to attract and retain top people, otherwise you would have to pay higher salaries. Three years' notice works both ways."

PosTel's move follows last May's letter from Mr Ross Goobey to the chairmen of FT-SE 100 companies in which he said: "PosTel will vote against the re-appointment of any director who is on a rolling contract of more than 12 months."

Mr Ross Goobey said yesterday a number of companies had recently reduced their contracts to two years. One-year contracts remained his preference but "to vote against two-year contracts would send inappropriate signals to those boards of directors who have shortened contracts from three years."

PosTel stressed that only in "exceptional circumstances" would it not vote against an offending director's re-appointment. It said it would normally vote against the re-appointment of any director with more than a two-year rolling period of notice.

See Lex

Independent plans price war protest

By Kevin Brown, Raymond Snoddy and David Wighton

Mr Andreas Whittam Smith, the main founder of The Independent, plans to go to the Office of Fair Trading next week to accuse Mr Rupert Murdoch's News Corporation of predatory pricing by reducing the cover price of The Times to 20p.

The renewed accusation that Mr Murdoch is trying to drive other papers such as The Independent out of the market through such tactics was backed by Mr Robin Cook, the shadow trade and industry secretary.

He wrote yesterday to Sir Bryan Carsberg, the director-general of fair trading, urging him to investigate the national newspaper pricing war.

As the row over the price-cutting intensified, the Stock Exchange said it had found no evidence that last month's sale of 12.5m shares worth £73m in The Telegraph group by its proprietor Mr Conrad Black had any connection with this week's cover price cut of The Daily Telegraph from 48p to 30p.

The investigation had been asked for by the institutions which hought the shares, now worth £30m less because of the cover price cut. Telegraph shares fell another 17p to 332p yesterday compared with the price of 587p at which Hollinger, Mr Black's Canadian holding company, sold the shares.

In the national newspaper industry, it became clear yesterday that few, if any, other national newspapers plan to enter the price-cutting battle – at least for the time being.

The exception is The Independent which may soon reduce its price from 50p. The rise that took it to that figure came at the time of the initial Times cut from 45p to 30p and is now acknowledged as a mistake. It is likely to go to 45p, in line with The Guardian, following pricing experiments by The Independent which suggested a significant circulation boost at that figure.

The paper first complained to the OFT about predatory pricing last September when The Times went to 30p – a complaint that was rejected. The company feels its case is much stronger now. Mr Matthew Symonds, the paper's executive editor, said yesterday: "If this is not predatory pricing, I don't know what is."

When The Times was at 45p, Mr Symonds said, the news trade received 17.5p of the cover price and News Corporation 27.5p. Because the news trade margin had been fully protected, News International was now receiving around 2.5p for each copy.

Mr Cook told Sir Bryan that a reduction of competition if other titles were forced out of the market would not be in the interests of readers.

New battleplan for Waterloo, Page 8
See Lex

Low countries see red and orange in needle matches

By Ronald van de Krol in Amsterdam

Deep-seated rivalry between the Netherlands and Belgium will surface today in two highly-contested matches played between determined teams in far-flung, sunny settings.

On the Greek island of Corfu, Mr Ruud Lubbers, the Dutch prime minister, will seek to prevent victory by his Belgian counterpart, Mr Jean-Luc Dehaene, in a closed-door contest to succeed Mr Jacques Delors as president of the European Commission.

Meanwhile, the US will host Dutch-Belgian competition of a more open kind at the football World Cup. In the midday heat of Orlando, Florida, Belgium's "Red Devils" squad will be meeting the "Orangemen" – the national side of the Netherlands.

Fixtures involving the two countries are always favourites with the fans, but this match has taken on added significance because of the unusually hard-fought battle between Mr Lubbers and Mr Dehaene for the right to assume the mantle of "Mr Europe". Diplomatic relations between the Dutch and the Belgians are usually correct but the two countries have a complicated love-hate relationship springing from a shared history.

The Belgians may have seceded from the United Netherlands in 1830, but the language, literature and culture of the Dutch-speaking part of Belgium and "big brother" Holland to the north are inextricably intertwined.

This link has brought irritations and jealousy, and Belgian jokes in the Netherlands are as rife as Dutch jokes in Flanders.

The Dutch like to see the Belgians as drink-loving layabouts mired in political squabbles. There is also grudging respect for the Flemish and their efforts to safeguard the Dutch language.

To the Belgians, the stereotypical Dutchman is stingy with money, lacking in culture and devoid of gastronomic finesse. Above all, he is loud and overbearing, especially when visiting Belgium. In fact, Belgian resentment of their more voluble neighbours is distinctly similar to the aversion of the Dutch to the crowds of German holidaymakers in their own country.

Indeed, Dutch passion about the succession to Mr Delors is not directed so much at Belgium, a fellow small country in the European Union, as it is at Germany, Mr Dehaene's main supporter.

This attitude was neatly captured by a political cartoon in the Amsterdam daily Het Parool showing German Chancellor Helmnt Kohl with a tiny Mr Dehaene in his shirt pocket.

The caption read: "The right man in the right spot", underscoring Dutch perception of Mr Dehaene as a potential puppet for German interests.

It is therefore just as well the Germans and the Dutch – whose sporting encounters have tended to rekindle unresolved anger dating from the second world war – have yet to meet on one of the football fields of the US while the question of Mr Delors' succession remains unresolved.

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Union Jacques that Eurosceptics fear, Weekend I
World Cup, Weekend XIV

German row jeopardises Eurofighter

Continued from Page 1

the higher the expenses will be."

Mr Volker Rühe, the German defence minister, refused to pass DASA's request for extra funding on to the German parliament until the government is satisfied the sum requested is reasonable.

Dasa wants the defence ministry to supply about DM1.2bn including costs carried over from 1992 to guarantee the project's future. The defence ministry has said it cannot guarantee to put up more than DM520m. It may find an extra DM170m, but only if Dasa can provide accounts to back its argument that more public money is needed, a ministry spokesman said.

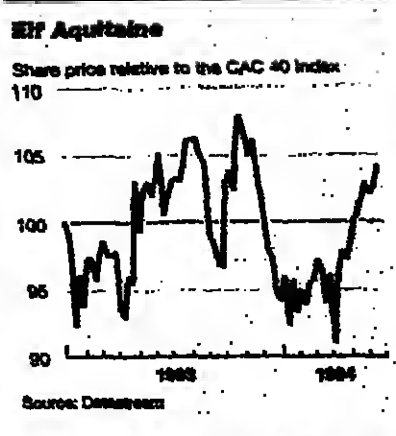
The ministry has said it will meet costs arising from the government's 1992 decision to extend the production period. However, it was not prepared to pay for delays for which, in its view, Dasa was responsible.

"The question will be largely decided by how much industry is prepared to budge," a ministry spokesman said. "We're staying put."

THE LEX COLUMN

Passing the buck

FT-SE Index: 2876.6 (-65.8)



The central banks seem simply to have stored up more trouble for themselves with yesterday's foreign exchange market intervention. The dollar recovered against the yen for a while, but the D-Mark was quickly stronger than before. The central banks were clearly wrong if they thought they could catch dealers on the hop in quiet pre-weekend markets.

In fact, it seems they were simply giving speculators a chance to unload long dollar positions which should have been unwound long ago. Nor can intervention without supporting action on interest rates do the trick.

Having shown their hand, the central banks cannot easily stop here. There may be no pressing domestic need for higher US rates, while the onset of recovery and excessive money supply growth hardly call for a cut in Germany. But the authorities are damned both ways. Unless they can stabilise the dollar, the US bond market, from which other markets around the world take their lead, looks vulnerable. If US interest rates are raised, though, there is a risk of yet more turbulence in the markets.

The only consolation is that bonds and equities seem already to be discounting higher US rates. When the move finally comes, the markets could calm down. Yet, to support the dollar, any US rate rise would need to be large enough to make a significant dent in the recovery.

Unsurprisingly, the equity market has now taken fright on both sides of the Atlantic. In watching Wall Street, London dealers must be wondering whether a similar fate will befall the UK sooner or later as its own economic recovery matures.

Newspapers

Until Wednesday, the stock market viewed newspaper publishing companies as attractive investments. Such businesses were considered highly cash generative with predictable income streams and a geared exposure to the advertising cycle. Yet price wars have turned such thinking upside down with more than £1bn being wiped off the value of newspaper shares. That may smack of hysteria. But if middle-market newspapers are sucked into the price-cutting vortex, then it may yet be seen as a fair reflection of the industry's prospects.

Unless that price cutting expands total newspaper sales – which is doubtful – the industry's profitability will be savaged. Total profits could perhaps fall by 30 per cent over the next few years. Rising paper prices already threaten to squeeze margins. By emphasising their cheapness, newspapers may also lay themselves open to VAT. Newspaper shares will need a higher risk premium since they appear so vulnerable to the antics of Mr Rupert Murdoch.

It is not only the daily national newspapers that will suffer. Competition may escalate further on Sundays. Big regional newspapers, too, may fear they will lose sales unless they respond. Price wars in any industry tend to reflect surplus capacity. Mr Murdoch may simply believe this is true of newspapers too. By dragging down the margin structure he perhaps hopes to hasten consolidation. Only then will the industry return to healthier economics.

Elf Aquitaine

Elf's warning that half-year group operating profits will fall 20 per cent highlights how tough it is for corporate France to claw its way out of recession. Continuing weak demand in France and Germany, combined with the depressed crude oil price in recent times, is hampering Elf's self-improvement plans. Elf's heavy exposure to upstream activities increases its vulnerability.

Such slow progress may disappoint those investors who bought into Elf at the time of its much-hyped privatisation in February. Elf was then sold to the market as a BP-style recovery stock. US investors, in particular, were attracted to its vast asset base, cash flow profile and yield. Elf is still pursuing the right course in cutting costs, preserving cash and aiming to realise FFr5bn from asset sales. Yet the weakness of the oil price and strict French employment laws mean it will take longer to realise the benefits than most had previously assumed.

Elf's warning also strikes an ominous note for the rest of the French bourse, which has already fared worse than most other European markets this year. Corporate and consumer confidence remains fragile as the all-important 10-year OAT bond yield has jumped by 2 percentage points this year. High bond yields may deter investment and forestall the fall in the savings ratio. The French government will find it hard to press ahead with further privatisations against such a background. At least it has already got a good slug of stock away this year.

Executive pay

Even if some investment managers dislike the high profile stance on executive pay adopted by Mr Alastair Ross Goobey of PosTel, few would disagree that he has a point about long term rolling contracts. Since they make it expensive to fire top managers, they have been one of the main instruments by which failure was rewarded during the recession. Happily there has been a tendency for the duration of such contracts to shorten. Before the Cadbury Report, five years was common; afterwards a three-year rolling contract became the norm. Since PosTel's original intervention the period has tended to shrink further.

Some might argue that the media-friendly Mr Ross Goobey is claiming credit for latching on to a trend that was already there. But they would be wrong to assume that discreet pressure from institutions is enough to root out abuse. A public stand, even if it seems inflexible, can help shift behaviour standards. And all Mr Ross Goobey is saying is that he will use his vote to back up his views. That is what shareholder democracy is about.

Since rolling contracts were once a necessary part of any package required to attract top quality recruits, one fear is that other incentives, possibly more costly to shareholders, would be needed to replace them. Significantly, though, PosTel claims amendment of existing contracts has not usually involved compensation. In that case, there is every reason to press for the duration of such contracts to be reduced further.

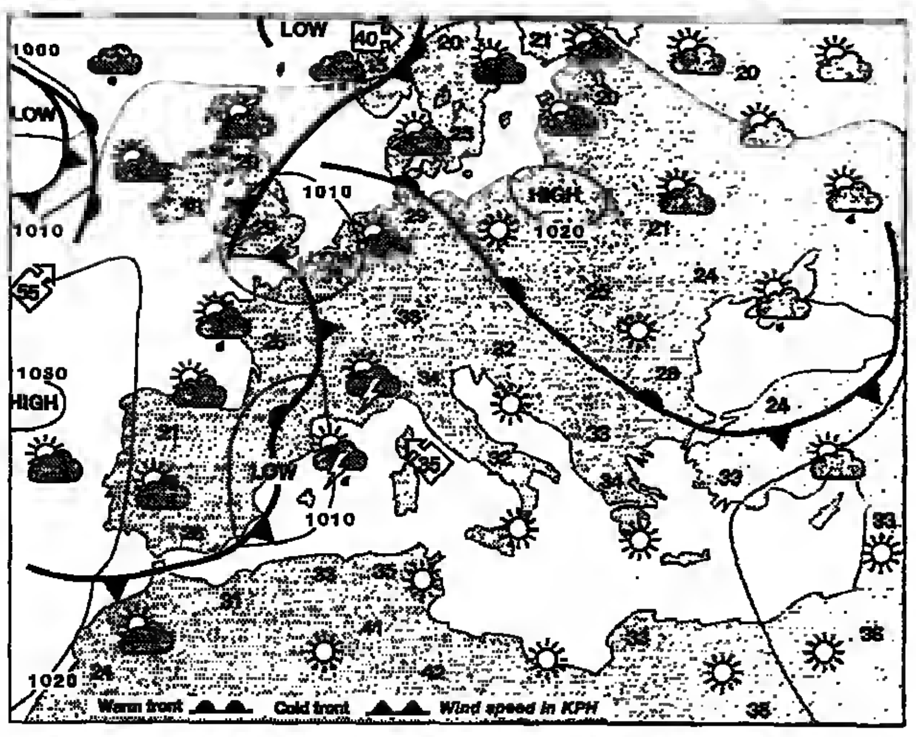
FT WEATHER GUIDE

Europe today

Sunny conditions with plenty of sunshine will prevail over a large area. Temperatures will rise between 28C and 34C from Denmark to Italy. Meanwhile, a frontal zone from Spain to the Channel will lead to rain and thunder showers near the Atlantic seaboard. Heavy thunder showers over western France and Spain will spread eastwards in the afternoon. During the showers, temperatures will fall to 22C in western areas. There will be sunshine in the far east and the north. Showers will take place over central parts of the British Isles, but south-eastern England will be hot and sunny. Eastern Scandinavia will improve briefly, but fresh rain and wind will lash the Norwegian coastline. North-eastern Europe will stay mainly cloudy with occasional showers in the north. The Ukraine will have showers.

Five-day forecast

A heat wave will flow further east, accompanied by heavy thunder showers over central and southern Europe. After a slightly cooler day in western Europe, temperatures will rise again next week. Conditions in Scandinavia will remain unsettled.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

	Maximum		Beijing	thund	28	Caracas	shower	26	Faro	cloudy	26	Madrid	thund	23	Rangoon	shower	31
	Celsius		Belfast	cloudy	18	Cardiff	thund	24	Frankfurt	sun	35	Majorca	fair	29	Reykjavik	fair	11
Abu Dhabi	sun	41	Belgrade	sun	32	Casablanca	fair	24	Geneva	fair	29	Malta	sun	31	Rio	cloudy	24
Accra	shower	29	Berlin	sun	31	Chicago	fair	29	Gibraltar	cloudy	28	Manchester	thund	26	Rome	sun	30
Algiers	fair	33	Bermuda	fair	30	Cologne	sun	35	Glasgow	shower	20	Manila	rain	31	S. Frsco	sun	21
Amsterdam	sun	29	Bogota	fair	18	Dakar	fair	27	Hamburg	sun	31	Melbourne	fair	12	Seoul	thund	30
Athens	sun	33	Bombay	cloudy	30	Dallas	sun	37	Helsinki	fair	21	Mexico City	fair	22	Singapore	thund	29
Atlanta	cloudy	30	Brussels	sun	33	Delhi	fair	39	Hong Kong	shower	28	Miami	fair	33	Stockholm	fair	26
B. Aires	fair	7	Budapest	sun	33	Dubai	sun	40	Honolulu	sun	30	Milan	sun	32	Strasbourg	fair	33
B.ham	thund	29	C.hagen	fair	24	Dublin	thund	18	Istanbul	fair	29	Montreal	rain	23	Sydney	cloudy	15
Bangkok	shower	33	Cairo	fair	36	Dubrovnik	sun	32	Jakarta	shower	31	Moscow	shower	20	Tangier	fair	22
Barcelona	thund	25	Cape Town	cloudy	14	Edinburgh	shower	19	Jersey	thund	27	Munich	sun	33	Tel Aviv	fair	32
									Karachi	sun	35	Nairobi	fair	24	Tokyo	shower	28
									Kuwait	sun	42	Naples	sun	32	Toronto	cloudy	24
									L. Angeles	sun	24	Nassau	fair	33	Vancouver	shower	22
									Las Palmas	sun	25	New York	shower	27	Venice	sun	30
									Lima	cloudy	19	Nice	sun	28	Vienna	sun	31
									Lisbon	shower	21	Nicosia	fair	34	Warsaw	fair	26
									London	fair	33	Oslo	cloudy	24	Washington	fair	31
									Lux.bourg	sun	33	Paris	cloudy	31	Wellington	shower	11
									Lyon	sun	31	Perth	cloudy	18	Winnipeg	fair	28
									Madeira	fair	22	Prague	sun	32	Zurich	sun	31

Weekend FT

SECTION II Weekend June 25/June 26 1994

Union Jacques that Eurosceptics fear

As Europe's leaders meet in Corfu this weekend, ***Charles Grant*** *assesses Delors' impact on western Europe and how his contribution has defined the debate on its future for decades to come*

This weekend on the island of Corfu, Europe's leaders hope to name the man who will implement – or abandon – the vision of Jacques Delors for a grand political union on the eastern side of the Atlantic.

After 10 years as President of the European Commission, Delors has come to symbolise the ideals of a generation of European federalists – and everything that Eurosceptics dislike and fear.

After the great battle in Rome in October 1990, between Margaret Thatcher and Delors about his plan for e single European currency, Britain's *The Sun* newspaper filled its front page with the three words: "Up yours Delors". If this expressed only the inchoate fears of little Englenders, there has since emerged a widespread anxiety in many European countries about Delors' vision of a federal future.

Yet no politician since the second world war bas made a greater impact on western Europe. General De Gaulle and Margaret Thatcher made profound changes in their own countries, it is true. But Delors leaves an indelible mark on half a continent.

He transformed the feeble and ineffective bureaucracy of the European Commission, and the European Union it serves, into influential and intrusive organisations. It is precisely because of this that they have attracted a wave of popular hostility.

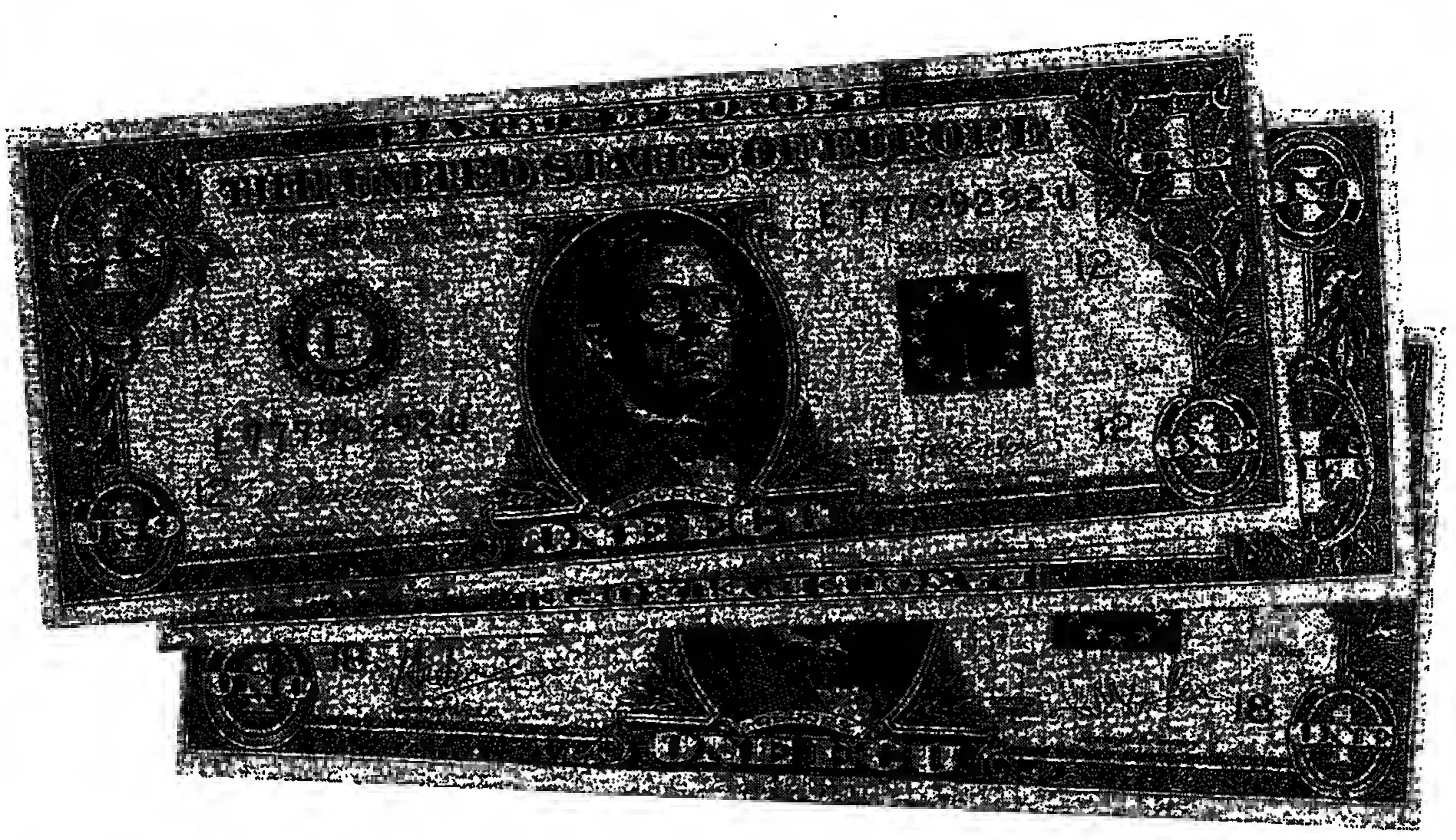
How did this workaholic, with the fiery temper and a strong sense of Roman Catholic morality, achieve such a position? And why is it that be is one of the most popular politicians in France, where be is likely to be the Left's candidate for the presidency in May?

Delors' absence from the fray of party and factional struggle – as a *deus ex machina* in Brussels – has given him the image of someone who is above politics. He has nurtured this myth, often claiming that he is too naive, too lacking in self confidence and too unambitious to succeed in politics.

And indeed he has never been at ease in any political party. In the 1950s and 1960s he worked with a series of left-wing Roman Catholic clubs rather than the socialist party. He has never been elected to an assembly, with the exception of the European Parliament in 1979.

However, the story of Delors' European presidency reveals him to be a master of tactical skill, strategic sense and political cunning.

When he became president of the European Economic Community (which later became the European Community, or EC, and later still the European Union, or EU) use of the national veto had ensured that the commission's draft laws seldom passed the Council of Ministers.



From his first month in office, Delors began to transform the Community. He had huge influence on: the programme to create a single market by the end of 1992; the Single European Act; the budgetary packages of 1988 and 1992; the European Economic Area; the Social Charter and the Social Chapter; the Delors Report on Economic and Monetary Union (Emu); and the subsequent moves to "political union".

The EU became such a success during the Delors years that nine countries applied to join.

These were remarkable achievements, for it is much more difficult for a politician to make a mark on European institutions than on his own government. The constitutions of nation-states are hierarchical, and allow a prime minister or president with a parliamentary majority huge scope for making changes.

The EU, however, is a complex network of supra-national bodies (the commission, European Parliament and Court of Justice), intergovernmental bodies (the Council of Ministers) and national governments, which all contribute to the legislative and executive processes.

The EU's constitution allows no role for a leader with a strong executive authority. Ultimately, the *Council of Ministers takes the most* important decisions, but only after officials from the commission, the Council of Ministers' secretariat, the European Parliament and national ministries have been consulted.

Euro-MPs, commissioners, junior ministers, national ambassadors and hundreds of lobbyists all have a say. Committees, working groups and all-night meetings – rather than powerful individuals – are the cogs which drive this machinery forward. Decision-making is so slow and consensual that decisive leadership from the centre is almost impossible, as Delors' predecessors discovered.

How, then, did Delors set about the task? Luck played its part. The Community began to regain momentum just before his arrival. The Fontainebleau summit, which appointed him in 1984, settled five years of arguments over Britain's budget contribution. In an increas*ingly liberal climate, most govern*ments thought the best treatment for Eurosclerosis would be deregulation.

Delors exploited these opportunities with great tactical skill. When be chose to relaunch Europe around the theme of the single market, he understood – better than many British politicians – that there would be political consequences.

The commission's white paper of 300 barrier-busting proposals put pressure on governments to provide the means for implementing them.

The result was the Single European Act, which ended the national veto on single market laws. Delors' next key initiative, in 1988, was to push the EC towards European monetary union.

He knew that would provoke a debate on the reform of the EC's institutions – which became known *as political union*. Delors *always* had a clear idea of where he wanted Europe to go, which gave him an advantage over political opponents who lacked his long-term vision.

A commission president has few formal means of influencing European politics, other than the right of proposal. Much of Delors' clout has depended on the friendships he cultivated with EC prime ministers and foreign ministers. Helmut Kohl has proved by far the most useful of these allies.

The pair enjoy each other's company, sharing a strong Roman Catholic faith and an earthy sense of humour. *In 1988 Delors* persuaded Kohl to back Emu, and the chancellor made his friend chairman of what became the Delors Committee.

In 1989 Delors' warm support for German unity – when Thatcher and Mitterrand had doubts – turned friendship into *blutsbruderschaft*. During the talks on the Treaty of Maastricht, Delors relied on Kohl to *keep the other governments in step* with his timetable for Emu.

Many of Delors' personal qualities proved well-suited to his job. The president has a chance to set the EU's agenda, so is likely to be more effective if, as in Delors' case, he – there has yet to be a she – is a prodigious generator of ideas. Throughout his career, in articles, speeches and books, Delors has spurted out proposals on industrial relations, labour markets, monetary economics and Europe's constitution.

Delors' staff joke that the role of Pascal Lamy, his *chef* de *cabinet* until *last* month, was *to tell* the president which were the 19 of his 20 ideas that would not work.

Delors rombines a fertile imagination with a pragmatic bent that makes him a keen compromiser. He spends evenings and weekends reading *and annotating documents.* At meetings of the Council of Ministers and at summits he is usually better prepared than anyone else.

His forte et such occasions is to craft compromises whicb others fail to find because they lack his knowledge of the detail. Thus at the Edinburgh summit of December 1992, *Delors found* the formula which settled the EU's budgetary plans to 1999.

Delors believes he has a duty to serve God hy improving the lot of mankind. That sense of mission justifies, in Delors' own mind, his ambition. "What drives me is the worry – a sort of panic – that I might not do useful things," he says. "I am never satisfied. Evidently, those who are will be happier."

He is uninterested in *money and,* in spite of a £140,000 a year salary (after tax), leads a frugal life. He evoids diplomatic soirées and seldom ventures out in the evening – unless one of his favourite jazz musicians, such as Sonny Rollins, bappens to be performing.

He descended into one of his blackest-ever moods in February 1988, just before a Brussels summit that was supposed to approve his budgetary package. Delors told a *meeting of commissioners that if, as* be feared, the summit did not pass his package, be would resign and they sbould too.

When none of them offered to do so he accused the commissioners of cowardice and disloyalty. If there was a shipwreck, he said, they were all *in* it and he would denounce any survivors. He accused Grigoris Varfis, the Greek commissioner, of incompetence and treachery, and said that he and his department were *une honte* (shameful) and *une scandale*.

Delors four times told his colleagues that they should be ready to resign with him. After two hours of this haranging he stormed out. In the event the summit passed the package and Delors never had to *test his colleagues' loyalty.*

Surprisingly, those who experience Delors' ire are usually ready to forgive him, for they respect his integrity and his ideals. "Delors' weaknesses, such as his self-questioning, make you want to protect him," says Max Kohnstamm, formerly chief aide to Jean Monnet (one of the Community's founding fathers), and a friend of Delors. "If he kicks someone, you don't ask if he's plotting against them, because you know he's doing it for Europe."

He inherited a borizontal power structure in which the president was *primus inter pares* among the

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CONTENTS

The Long View / **Barry Riley**

Look who's talking...

Once again the international financial markets are being infuriatingly obtuse, or so it appears to the politicians. As another minor dollar crisis erupted on the foreign exchanges this week, the chairman of the US Federal Reserve, Alan Greenspan, chose to boast (in the dangerous style of Britain's former chancellor, Nigel Lawson) that the economic outlook for the US was "as bright as it has been for decades".

US treasury secretary Lloyd Bentsen insisted the economy was fundamentally *strong* and, by *implication*, the dollar should be, too. President Bill Clinton also joined in this round of jawboning which was, apparently, intended to soften up the markets for the next round of intervention. "In the end, the markets will have to respond to the economic realities," he said. Well, yes...but have they not *already* been doing so?

Which has the stronger economy: the US, with 3½ per cent growth in GNP, unemployment falling, and corporate profits and investment rising rapidly; or Japan, where total output is barely growing and industrial production is down, year-on-year? But let us look at that again. Japan has a huge surplus of exports over imports and is likely to run a balance of payments surplus of $125bn this year. It has a negligible hudget deficit and boasts the lowest inflation and interest rates of any major country.

The US, in contrast, has been running up deficits for many years: it is unwilling to tax its citizens enough to pay the government's bills and the nation is eager to consume more imports than it is willing or able to finance through export deliveries.

Currency strength or weakness in the long run tends to reflect ingrained national characteristics. When the politicians of a country such as the US become annoyed by the tendency of their currency to sink, they tend to hit out eithar at the alleged irrationality of the markets or at the supposed irresponsibility and cussedness of overseas governments – in this case, at the failure of the Japanese government to expand domestic credit fast enough.

In fact, the Americans should look at their own characteristics. They save comparatively little and are high consumers. As a result, investment and growth will be comparatively low and the currency will be weak in the long run, with a tendency towards high inflation. If the Americans want to live like this, it is their privilege to do so – hut they should understand the consequences. If they *really* want to stabilise the dollar, they must take steps to raise domestic savings and *stop* hlaming everybody else.

Substantial countries rarely change their economic spots. A notable exception has been France, once firmly in the high inflation camp but more recently transferred to the German economic zone, to the incomprehension of Anglo-American critics. The UK, of *course, continues on its secular decline,* with record levels of consumption and a rate of aggregate national savings at the bottom of the international league table. The exit from the European exchange rate mechanism in September 1992 was rationalised widely as a triumph; sterling's trade-weighted index drifted below 80 this week, the lowest for more than a year.

These long-term trends in currencies have become evident since the ending in the 1930s and 1940s of the links with gold, and especially since the introduction of the floating rate system early in the 1970s. Meanwhile, price movements have become upward-only – not always rapid, but without the interludes of offsetting sharp price falls which meant, in previous centuries, that there was no long-run trend in prices.

An over-spending country with a weak currency has to attract the savers of other countries by offering them a higher rate of return. The greater the reluctance of savers in a hard currency country to venture overseas, the greater the premium will have to be.

Japanese investors have been hit savagely by currency losses in the past and are proving very reluctant to expose themselves to the very real risk of more of the same. The yen would have appreciated further if the Japanese authorities had not been heavy buyers of US treasury bills and other short-term dollar assets.

Now that last year's temporary optimism over the dollar has evaporated, dollar interest rates look anomalously low. Short-term rates have, for a long time, been below those in Germany; now, 10-year bond yields are, too.

In part, this might reflect the problems *of Germany itself which, because* of the persistent consequences of re-unification, is in danger of slipping off its pedestal: state borrowing is very high and the Bundesbank has lost control of the money supply. But dollar retes are, nevertheless, too low and the Americans will have to stop chattering and keep on ratcheting.

As the accumulation of debt proceeds, more marginal savings have to be attracted and the real cost of borrowing is likely to rise. Foreign investors have to be compensated for the risk of currency depreciation, domestic ones for the risk of inflation in the long run. There is no point in finance ministers protesting that the *present* rate of inflation is low. It is less than four years since UK inflation was over 10 per cent, a time period which is just the fleeting interval between one football World Cup and the next.

Perhaps the borrowers should focus on the possibility that they could bring down their costs by offering a firmer promise of repayment, backed hy links to an inflation or currency index – or even to bullion (as the French once did in their post-war dilettante period) thus, in effect, reinstating the gold standard for long-term government debt.

For tha time being, though, we shall continue to be witnesses to the frustrating spectacle of perverse financial markets refusing to accept the self-evident truths uttered by the politicians.

MARKETS

London

Powerful men with money to burn

Roderick Oram

One – often futile – way to prop up flagging paper assets is to allow powerful men *with money to burn* to intervene in the marketplace.

Central bankers tried it with the dollar yesterday with limited. Earlier in the week, Conrad Black and Rupert Murdoch tried it with their flagship newspapers, slashing cover prices of the Daily Telegraph and The Times to stimulate circulation.

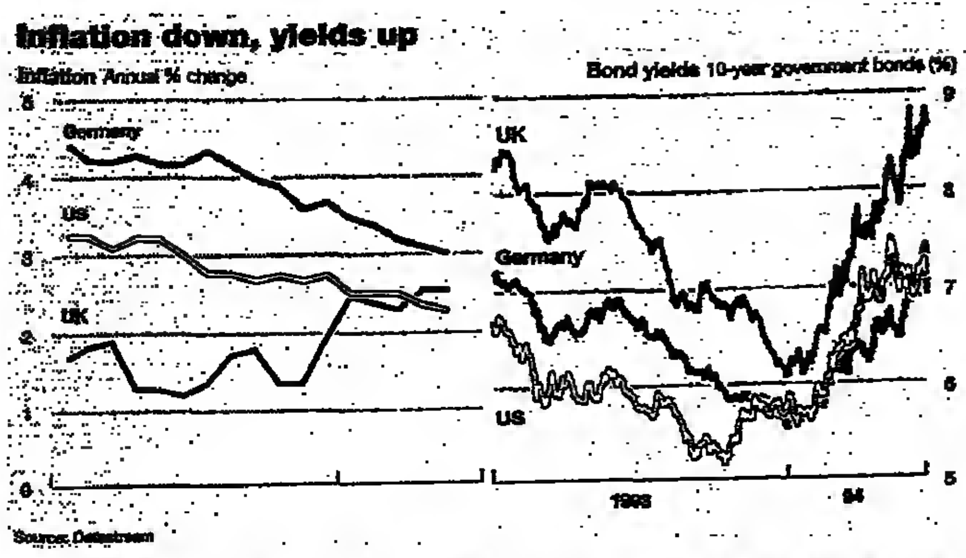
The likely outcome will be the same in both cases: much money will be spent but for negligible net gain. Some currencies and newspapers will rise, others will fall while the men who tried to move the markets will be a lot poorer.

The currency effect on global markets was dramatic from the opening of trading on Monday. The dollar weakened rapidly particularly against the yen and D-Mark. Factors cited ranged from worries about rising US inflation, worsening US-Japanese trade relations and accelerating growth in Germany.

Bonds in the US and Europe took fright, dragging down equities with them. The FT-SE 100 index shed a net 146.3 points to end the week at 2,876.6, its lowest mark since July 26. But few people resorted to ditching their shares.

This was supposed to be the year of tha strong dollar, thanks to rising US interest rates, falling German rates and other favourable economic conditions. Instead, it has weakened against some currencies as investors have become nervous about inflation and politics. It is important to bear in mind, however, that the dollar is now *stronger* than two years ago on the more realistic basis of its trade-weighted average.

More *turmoil is ahead*, though, argue those analysts who see exchange rates as a key influence of capital markets. SG Warburg's economists believe the dollar will be driven lower by four factors: the US trade deficit is deteriorating; US inflation will run ahead of Germany's; the US Federal Reserve, driven by domestic economic considerations, will not raise interest rates enough to help the dollar; and doubts are growing about the *Clinton Administration's* competence in handling geopolitical problems.



Yet not everybody is glued to the currency screens. "The weakness of the dollar is a distraction. You shouldn't take any notice of exchange rates," says Peter Lyon, global strategist at Smith New Court. They might tell you something about relative inflation rates but it is much more important to *focus on interest rates*.

Policy makers have made some big economic mistakes concentrating on currencies rather than interest rates, not the least of which for the UK was its experience in the ERM.

Lyon took comfort this week from the failure of US bond prices to breach the lows they reached a month ago. "There may be some sort of light at the end of this tunnel."

Moreover, sentiment is changing in the UK equity *market*. He notes that at the beginning of the year, high optimism was signalled by an historically high ratio of calls to puts in the derivatives markets.

Now the ratio is historically low, signalling high negativity. Such sentiment is typical of a selling climax at the bottom of the market. Thus it also tends to be a good indication of the moment to resume buying.

When will consumers of goods and services start buying more is a question many companies in the news this week have been asking themselves. Even with only moderate demand, British Steel was able to report pre-tax profits for the year to April of £80m against year-earlier losses of £149m after restructuring costs. But to try to bring more rational behaviour to the *marketplace, it is going* to take the EU to court over its steel subsidies.

First Leisure reported disappointing interim pre-tax profits of £14.1m, up 16 per cent. It is still finding consumers cautious about spending their income on recreation. Perhaps the public – like Eurotunnel investors who left one-third of the UK rights issue with underwriters – just want to spectate rather than participate. Guinness, for example, has reported brisk stout sales during the World Cup. During the Ireland-Italy game, one pub pulled five times the number of pints it would in a normal evening.

The corporate calamity of the week was Hazlewood Foods. Its shares fell sharply after it announced lower profits, production problems at four new plants and consequently the resignation of the head of its UK operations. Silentnight's shares fell after it said people were buying fewer beds.

But if the public is not eating and sleeping the way it was, can it be persuaded to read more newspapers? Rupert Murdoch is convinced it can. Or at least he can snatch readers from someone else. Since he cut the cover price of The Times 10 months ago, its circulation has risen from 370,000 to 515,000.

Some of those readers have converted from the Daily Telegraph which had tried to remain aloof. But with the Daily Telegraph's circulation recently *falling* below 1m a day for the first time in more than 40 years, Conrad Black could hold out no longer. He retaliated with his own price cuts.

A few other things were slashed in the process, including The Telegraph's share price, along with that of United Newspapers, the Daily Mail Trust and other publishers.

It was the most dramatic moment in the Telegraph's history since Lord Camrose halved the price to ½p in 1930, an event some Telegraph readers would still remember.

Murdoch counter-punched by cutting The Times' cover price to 20p. At that price he needs to sell some 300,000 more a day to break even. It might be cheaper for him to buy all the extra copies himself. Such market intervention would cost him personally *about* £18.7m a year.

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1994 High	1994 Low	
FT-SE 100 Index	2876.6	-146.3	3520.3	2876.6	Fall in US dollar
FT-SE Mid 250 Index	3374.2	-152.9	4152.8	3374.2	Buyers withdraw
Arjo Wiggins	246	-21½	316	237	Warburg "sell" recommendation
BAT Inds	372	-34	570	372	High nicotine debate
Blue Circle	277	+6	391	262	Panmure Gordon recommends
GKN	562	-24½	632	510¼	Stock overhang
Glaxo	532	-47	725	520	Bond investment concerns
Lloyds Bank	522	-41½	660	522	Smith New Court turns seller
Mirror Group	130	-42	203	126	Newspaper price war
RTZ	818	-41	899	790	Dollar pressures
Reed Intl	750	-44	964	750	Dollar pressures
Rolls-Royce	174	-12	204	161	Unimpressive presentation
TSB	204	-20½	291	202½	Disappointment over results
Telegraph	332	-216	622	323	Cover price cut
United Newspapers	485	-118	731	479	Newspaper price war

Serious Money

Can watchdog stop another Maxwell?

Gillian O'Connor, personal finance editor

Two cheers and one hiss for the pensions White Paper. Overall, it is a lot tougher than expected. Company pensions will be more secure and personal pensions will be more flexible. So, most people should be able to make sensible provision for their retirement.

The worry is that the new watchdog might not be tough enough to stop another Maxwell. (Analysis: page III).

□□□

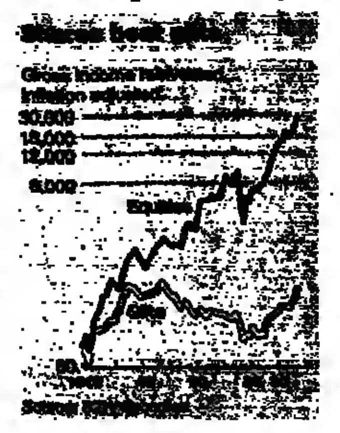
The pension proposals underline, yet again, the conflict between having total security and getting the best investment returns. Understandably, given their genesis in the Maxwell pension raids, these proposals give security top billing. The new solvency rules are calculated on the assumption that the scheme might be closed tomorrow.

Fair enough. But the cost of this security blanket is that some funds may produce a lower level of return than they could have done without the new restrictions.

Those with a high proportion of older members will need to hold a correspondingly high proportion of gilt-edged stocks, rather than equities. But, if historic patterns hold true, equities are likely to do much better than gilts over the long term.

Initial calculations suggest that if pension funds kept their present asset mix (80 per cent equities/20 per cent bonds), they would provide an annual return of 17 per cent over 20 years. If they move to a 50/50 split, the return would drop below 16 per cent.

This calculation is as relevant to your own investments as it is to pension funds. As a very rough rule of thumb, an individual investing on a reasonably long-term basis should benefit from investing the majority of his money in equities. In a real sense, they are the safer choice – if "safe" is re-defined as "likely to produce better returns".



This counter-intuitive logic can be applied also to overseas investment. Many people instinctively regard investing in foreign stock markets as riskier than confining themselves to the UK. But Britain is a mature economy with only a few growth businesses. The emerging markets story has been horribly over-hyped.

Yet, the basic argument for an international investment portfolio with at least some money in emerging markets remains valid. Sticking to the UK is the global equivalent of keeping your life's savings in a box under the bed.

Will Jeremy have the last laugh? Jeremy is the name given by venture capital group 3i (see page V) to the private investors who buy its shares. Sid, you will remember, was the plebian purchaser of British Gas shares.

Jeremy has a better education and more money. And, so far, 385,000 Jeremies have registered to receive prospectuses for the 3i offer, which closes on July 6.

This week, some critics argued that Jeremy had more money than sense. What was he doing buying a new issue when the equity market was collapsing and lesser issues were being pulled in all directions?

Was he really prepared to buy on a 13¾ per cent discount to net assets when seemingly comparable trusts were trading on more?

Well, perhaps. But there is another way of looking at it. At last, private investors are learning to look for value, invest for the long term, and buy near the bottom rather than the top of the market.

Now for something altogether more practical: the BP dividend. Shareholders are this year being given a novel choice. Do they want to take their dividend in cash – or would they prefer extra BP shares worth 25 per cent more than the cash dividend?"

The novelty lies not in the choice, as such, but the fact that shareholders are being offered the equivalent of the gross (rather than the net) dividend. BP's 460,000 private shareholders should certainly consider taking the shares. But there are several caveats.

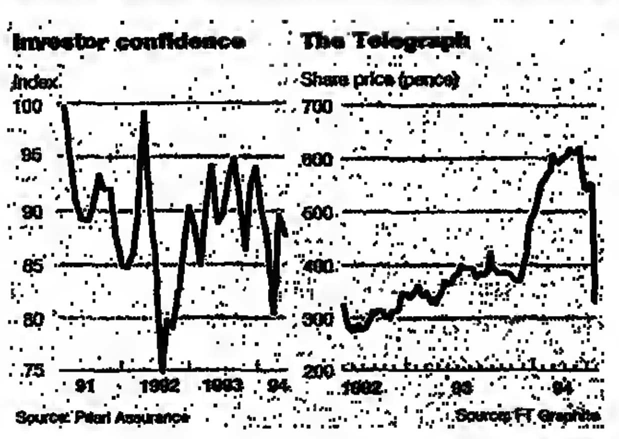
First, if your shares are held in a personal equity plan, there is no significant advantage in opting for the share alternative. You need also to be careful if you are thinking of selling the extra shares – as many income-orientated investors may.

Conventional stockbrokers have minimum charges ranging from £9 to as high as £40. So, BP shareholders with relatively small holdings will find that the extra value of the share alternative could be swallowed up by the costs of realising it.

The way round this is to use Hoare Govett's cheap dealing service, which has a basic commission of 1 per cent with no minimum. But the hassle factor means it is probably not worth considering unless you expect to use it more than once.

**Enquiries: 0273-444 488.*

AT A GLANCE



Investor Confidence index slips again

The Pearl Investor Confidence index fell by two points during June, reversing the trend set by a steep rise in May. The index has now fallen during five of the six months in 1994 so far.
The index measures how many people think the stock market is likely or very likely to rise in the next six months to one year.
The index was set at 100 in March 1991, and has now fallen to 88.3.
The highest point since it started was reached at the time of the general election in 1992. When the June figures are broken down into political affiliations, they show that confidence fell among all groups except Labour voters, whose confidence grew by 4 per cent.

The Telegraph's sharp decline

Telegraph shareholders have seen the value of their holdings decline by almost half from their peak last month, as the newspaper this week entered a price war with The Times, cutting its daily cover price to 30p. The Times responded with a cut to 20p.
Other newspaper groups' shares also suffered. The Stock Exchange has launched an investigation into the circumstances surrounding the Telegraph's price cut.
Hollinger, the Canadian publishing company controlled by Telegraph proprietor Conrad Black sold £73m-worth of shares a month ago, when the share price was 587p. Hollinger now owns 57 per cent of The Telegraph, down from 66 per cent.

Rap for building societies

Building societies were told this week to improve their practices in relation to mortgage protection policies and to make clearer their written explanations of the terms for fixed-rate mortgages.
The annual report of the building societies ombudsman scheme described some documentation relating to fixed rate mortgages as "sloppy". On mortgage protection, it urged societies at least to comply with the code of practice issued by the Association of British Insurers.
Overall, however, Edell said that the number of complaints the scheme dealt with fell by just over one-third last year to 901, reflecting a trend of more grievances being settled by agreement.
He added also that although the number of complaints about mortgages was rising, there had been a sharp drop in complaints about investments, as societies had improved their practices in telling customers about the interest rates in obsolete accounts or in simply moving them out of obsolete accounts altogether.
From 1 July, the ombudsman will have greater powers, as his remit will extend to complaints about a society's conduct before a mortgage or investment is completed, if the transaction then goes through.

Smaller companies slide

Smaller company share prices continued to slide. The Hoare Govett Smaller Companies Index (capital gains version) fell 1.6 per cent to 1644.77 over the week to June 23.

Wall Street

Dollar dashes hopes of crisis-free summer

The dollar returned to plague the stock market again this week, less than two months after Wall Street traders thought they had put the US currency's troubles behind them.

It was in early May that the dollar last took centre stage, when its sharp decline spurred central bank intervention to halt the slide. At the time, the stock and bond markets both took big hits. Investors sold securities amid fears that the Federal Reserve would have to raise interest rates to protect the dollar. When the Fed did that, and the dollar stabilised, Wall Street looked forward to a summer free of crises.

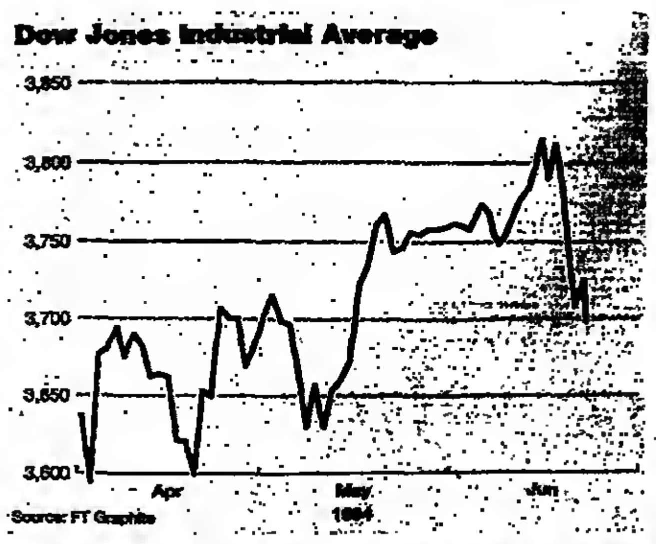
Those hopes were dashed this week when another big drop in the US currency's value – on Tuesday the dollar fell to a post-second world war low against the yen of less then Y100 – sent stock prices plummeting. Apart from a brief midweek respite, the Dow Jones industrial average spent the week on the retreat.

By 10am yesterday, the Dow had fallen 120 points, or 3 per cent, in slightly more than four days' trading. Although bond prices fared a bit better over the period – the yield on the benchmark 30-year bond edged slightly higher from 7.4 per cent at the start of the week to 7.5 per cent early yesterday – the mood remained *nervous, even with encouraging* news on inflation.

The reasons for the stock market's decline were relatively straightforward. While a weaker dollar pushes up import prices, investors were not so much worried about imported inflation as they were about the possibility that the Fed would have to raise interest rates again to stop the currency from falling further.

Although yesterday's intervention by central banks enabled the dollar to bounce off its overnight lows against the yen and the D-mark, investors clearly believed the odds on another interest rate increase have rapidly shortened, judging by their frantic selling of stocks and bonds on Friday morning.

By 11.30am yesterday, the Dow had fallen more than 50 points, and the benchmark 30-year bond had dropped one and a quarter points, pushing the yield above 7.5 per cent.



The fact that stock and bond prices continued to fall while the dollar was staging a modest recovery suggested that there was something more to the markets' decline than just currency and interest rate concerns. That something more was almost certainly earnings; investors have been unnerved by recent profits warnings from US companies, and with interest rates apparently heading even higher, the outlook for corporate earnings is suddenly darkening.

The massacre of technology stocks this week was a good example of how fears of weakening earnings are undermining confidence in stocks. The rout started on Tuesday when Lotus Development announced that its second quarter profits would come in well below analysts' expectations. The news wiped 28 per cent off the value of Lotus' shares in a single day, and sparked heavy selling throughout a technology sector already weakened by estimates of slowing computer orders and sluggish consumer demand.

After a brief recovery on Wednesday, technology stocks fell further as fresh bad news about a single company (a broker's downgrade of Cisco Systems) sent shock waves throughout the sector. The declines were most pronounced among Nasdaq market stocks, and by Thursday's close the Nasdaq composite index had dropped to its lowest level since last July.

The dollar's fall, the prospect of higher interest rates, the possibility of a slowdown in earnings growth, and more sudden and sharp sell-offs in the stock market have all *made for a dispiriting start* to the summer. As Thomas Gallagher, managing director of capital commitment at brokerage firm Oppenheimer, said yesterday: "People are starting to lose some meaningful money in stocks and they are getting nervous."

There are pockets of sunshine amid the gloom, however, most notably in those sectors where takeover activity is still buoyant. Cable television stocks remain flavour of the month, thanks to the string of recent deals involving telecommunications and cable TV companies, and the financials sector has also been lively.

Holders of Chicago-based financial services group Kemper were particularly happy this week when, out of the blue, a counter offer to GE Capital's near-$3bn takeover bid emerged from Conseco, a little-known insurance holding company from Indiana. Kemper shares *jumped* $3⅝ to $62-⅝ after Conseco offered $3.25bn cash and equity for the company. Although Conseco said its offer would only stand until tomorrow, it was enough to scare off GE Capital, which quickly withdrew its bid.

Patrick Harverson

Monday	3741.90 –	34.88
Tuesday	3707.97 –	33.93
Wednesday	3724.77 +	16.80
Thursday	3689.09 –	35.68
Friday		

The Bottom Line

Steel's surge makes City beam

A sign over the door of the Plaisterers Hall in the City of London, where British Steel announces its results twice a year, reads: "Let brotherly love prevail." "Abandon hope all ye who enter here" might have been more appropriate until recently.

Not on Monday, though. After cumulative pre-tax losses of £204m in the previous two years, the company announced pre-tax profits of £80m for the year ended April 2.

That in itself was no surprise, falling more or less in the middle of the £60m to £95m range expected by the City. But the company caught analysts on the hop by raising its final dividend from 1p a share to 1.5p, making a total payout for the year of 2p, compared with 1p for 1992/93.

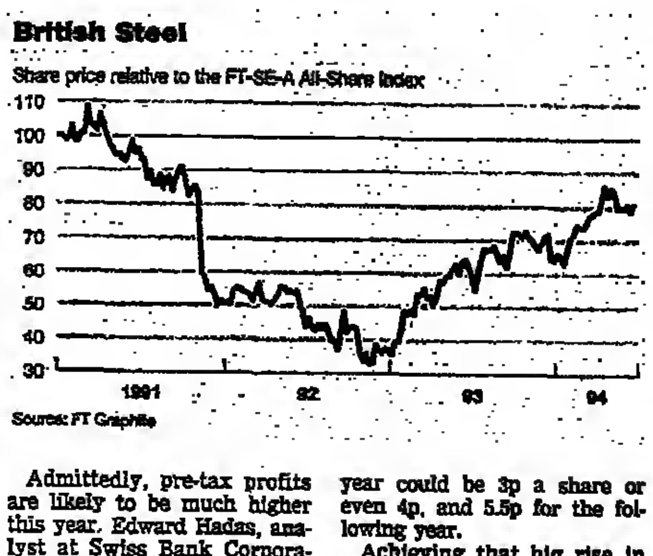
It was just what the City needed on a day when words like "meltdown" or even that hardy perennial, "billions wiped off shares", were in the air.

A 5½p rise in British Steel's shares to 139p was one of the few bright spots among the predominantly red numbers on the dealing screens.

The shares havs since slipped to close at 131p yesterday in a falling market. Even so, they have recovered healthily from the depths of autumn 1992 when a price of 46.5p made dismal reading for investors who had paid 125p in the 1988 privatisation.

The recovery began when investors realised that the shares represented good value at that price compared with other steel companies, and also as an industrial recovery stock. US investors saw a discount in the share price to the *book value, and bought* heavily.

In spite of the enthusiastic reception for the latest results, though, it is hard to make a case for the shares to go much higher – even though some were recommending them as a "buy" at 150p. The 1994 peak is 156½p.



Admittedly, pre-tax profits are likely to be much higher this year. Edward Hadas, analyst at Swiss Bank Corporation, has raised his forecast from £265m to £290m and says British Steel could make £430m in fiscal 1996.

The dividend for the present year could be 3p a share or even 4p, and 5.5p for the following year.

Achieving that big rise in profits will be down mostly to getting better prices rather than increasing volumes: Hadas believes British Steel's average prices could rise by 5 per cent this year. With an improved sales mix, that would be enough to achieve the predicted rise.

He points out that, in the *second half of fiscal 1994*, the company's operating profits were already running at two-thirds of the required rate, excluding the £24m provision for tha fine imposed by the European Commission for the company's part in an alleged steel beams cartel.

For its part, British Steel says it has a reasonably good order book and demand in the UK is rising steadily, although the construction market is lagging behind the automotive sector.

Importantly, the downturn in the continental European market appears to have halted.

But all these developments seem to be reflected already in the share price and Hadas says that, on a prospective price/earnings ratio of about 8 for fiscal 1996, the present price is "pretty fair".

Most analysts now view British Steel as a "hold" and there are few "buy" recommendations. Perhaps the time to do that has passed long since.

Looking beyond the immediate outlook in the steel market, there are both good and bad signs for investors. On the debit side, *it is probably wise* not to expect much from the European Union's heavily-criticised rescue plan for the steel industry.

Capacity cuts will not in themselves bring financial salvation to the industry and pledges, in any case, have yet to be implemented.

More positively, the possibility of a $150m investment in a steel plate mini-mill in the US will be an important step for British Steel and show that it is ready and able to look beyond Europe to exploit opportunities elsewhere.

It remains, too, Europe's low-cost producer *par excellence*.

Andrew Baxter

FINANCE AND THE FAMILY / PENSIONS

Better – but not ideal

***Debbie Harrison** looks at this week's White Paper on pensions*

For most consumers, the government's package is e good deal. From April 1997, when the laws come into effect, company pensions will be more secure and personal pensions will be more attractive. But the regulatory regime is not as rigorous as the system proposed by the Goode report (see right).

Here, we look at what the government has in mind.

COMPANY SCHEMES

■ **Is my pension more secure?**

Yes. A series of checks and balances will ensure that employers, trustees and the professionals involved in the scheme do their legally defined job.

■ **Will the law be enforced properly?**

Not necessarily. Goode'a proposals for a pro-active, independent super-regulator have been weakened seriously. Instead, the regulator will be a last resort. Moreover, instead of receiving independent funding from the government, he will be funded by the very schemes he is supposed to police.

■ **Will the valne of my pension change?**

Yes. The good news is that pensions must increase each year in line with inflation (capped at 5 per cent). But this will apply only to benefits built up from the date the law comes into effect.

The deferred pensions of early leavers – ie, the benefits left behind when an employee changes johs – will be reduced in some cases because the new law will sever the link between occupational schemes and the state earnings-related pension scheme (Serps).

Most company schemes that link pensions to salaries contract the entire scheme membership out of Serps and pay reduced National Insurance contributions. To qualify for this, they must provide a replacement pension at least as good as Serps.

This "guaranteed minimum pension" (GMP) normally must increase in line with earnings inflation or 7 per cent a year for early leavers who have deferred pensions.

After April 1997, schemes contracted out of Serps will no longer have to provide that guarantee. Instead, they must increase all of the deferred pension by price inflation capped at 5 per cent. Where the GMP is a significant proportion of total pension, this will reduce the overall level of inflation proofing.

■ **How are transfer values affected?**

The law will allow schemes to calculate transfer valnes for younger members on a less favourable basis, so they could get less than at present.

■ **Will I get my pension if my employer goes bust?**

Yes, but it could be reduced. The government has adopted most of Goode's proposals for a minimum solvency standard to ensure that, if tha scheme terminates, there will be sufficient assets to pay members a transfer value and to secure payment of existing pensions. Bear in mind, however, that the calculation of transfer values for younger members will result in lower payouts.

■ **Will I receive full compensation in the event of fraud or theft?**

Not necessarily. The compensation fund will bring the fund up to 90 per cent of the solvency level, but this may not equate to 90 per cent of your full benefits.

■ **Will I have a greater say in running my scheme?**

Yes, but not as much as Goode recommended. Members of all types of scheme will be able to elect at least one-third of the trustees. Goode wanted two-thirds for schemes where the investment risk falls on the individual.

■ **Will I get better information?**

Yes but it is up to you to complain if you do not understand.

■ **Will there be better ways to resolve disputes?**

Yes. Yon should take the initiative and complain to the regulator if your company's disputes system is ineffective.

Caveat emptor: Alan Pickering, a consultant with actuary Watsons, says the regulatory regime will not be as rigorous as that proposed by Goode. "Scheme members must take more trouble with their pension arrangements than they do now," he stresses. "A lot is at stake. It is in members' interests to understand their benefits and to watch ont for any warning signs."

PERSONAL PENSIONS

There are two major changes here: age-related rebates and flexibility on the timing of the annuity purchase.

■ **Who will benefit from age-related rebates?**

At the moment, the rebate of NI contributions for employees who opt out of Serps is a flat rate, apart from a small bonus for employees age-30 and over.

The valne of the Serps benefits increases with age, so at present, the rebate is good valne for younger employees. For older employees, Serps is better.

Age-related rebates will certainly improve the terms for older employees but may reduce the terms for younger employees.

■ **Why do we need flexibility in the timing of the annuity purchase?**

At present, you must buy your annuity immediately on retirement. Annuity rates, based on gilt yields, fluctuate dramatically. If you buy at the wrong time, your income could be reduced by as much as 30 per cent.

After April 1997, you will be able to delay the purchase until up to age-75 and, in the meantime, draw down an appropriate annual income from your pension fund. The remainder of the fund will continue to benefit from investment returns.

William Burrows, director of Annuity Direct, says: "These proposals overcome the main disadvantage of the present rules which force people to buy annuities when they retire, even though annuity rates may be very low.

"Until 1997, there are existing opportunities for those who want to defer the annuity purchase, but you should seek expert advice."

What's Goode for you . . .

Last October, a committee set up by the government produced a report containing 218 recommendations. ***Debbie Harrison*** *looks back . . .*

Robert Maxwell's raids on his group's pension funds forced the government to review the law intensively to find how to improve protection for scheme members. In October 1993, professor Roy Goode, chairman of the government-appointed review committee, produced a 1,000-page Pension Law Reform Report containing 218 recommendations.

The White Paper published this week set out which of the proposals the governmant would adopt in full, which it would water down, and those it would ditch.

For most scheme members, though, there is one issue on which Goode's recommendations and the White Paper measures will be judged: namely; to what extent has the security of pensions been improved?

How do the government's plans accord with the report?

GOODE'S PROPOSALS IN BRIEF...

■ A pensions act to enshrine in law the employer's "pension promise" and to protect members' benefits earned already. *Adopted.*

■ A pensions regulator to have supreme authority over company pensions with power to intervene and impose sanctions. *Watered down.*

■ A compensation fund to pay out in the case of fraud, theft and misappropriation of pension fund assets. *Adopted.*

■ A minimum solvency standard to ensure that, if the company fails, the fund has enough assets to meet its liabilities. *Adopted.*

■ A system to check that employers have paid their contributions. *Adopted.*

■ Greater power for the Occupational Pensions Advisory Service (OPAS) and the pensions ombudsman, plus a requirement for employers to set up internal machinery to deal with disputes over pensions. *Adopted.*

■ More power for trustees, who would also be liable to criminal proceedings if they fail to protect members' rights. *Adopted.*

■ A statutory requirement for members to be represented on trustee boards – up to one-third for final salary schemes and two-thirds for money purchase schemes. *Watered down.*

■ Greater access by members to information, which should be explained in plain English. *Adopted.*

...AND IN DETAIL

□ **Pensions act and regulator.** Goode recommended that trust law, which separates the pension fund legally from the company's assets, should continue but should be strengthened by a pensions act administered by a regulator.

Since trust law is complex and ill-defined, the act would enforce the "pension promise" – thet is, members' basic rights to a pension based on past service and contributions paid. Employers would be required to make clear their pension obligations in the contract of employment.

The act would make clear the trustees' primary duties to members and their families. To enforce it, Goode wanted a regulator with absolute authority over occupational schemes and power to intervene and impose sanctions on wrongdoers.

□ **Compensation scheme.** Goode recommended that this should cover all occupational pension schemes with an identifiahle fund, including schemea run hy insurance companies. The scheme would not offer protection on an all-risk basis, though.

Instead, it would pay out in the case of proven fraud, theft and other misappropriation. Other events, such as bad investment decisions leading to insolvency, would not trigger compensation.

The compensation itself would take the form of a loan repayable from any pension fund money recovered, and would be funded by a compulsory post-event levy on all schemes.

□ **Solvency.** Goode said that tha level of funding backing the pension promise was crucial and recommended a minimum solvency standard to secure the pension rights of members.

The solvency level would be monitored regularly hy the trustees and scheme actuaries. If a fund fell below the minimum, there would have to be an immediate injection of cash, failing which the trustees would have to recover the funds from the employer.

Actuaries get very excited about the solvency issue. For scheme members, however, there is only one point to consider.

Since the compensation scheme would not cover all risks, the fund should – in the event of an employer going bust – have enough cash to provide adequate transfer values for present and deferred members, and to huy annuities to replace the pensions already in payment.

(Deferred members are former employees who have left their pension benefits behind on changing jobs. Annuities are sold hy life offices which, in return for a lump sum investment, guarantee an agreed income for life).

□ **Member trustees.** These are the legal owners of the pension fund and have a duty to pay the promised benefits to members and their families. Goode called for more representation for members on trustee boards, except for very small schemes.

At present, an estimated one-third of schemes appoint trustees solely from the company's management – a system that can lead to abuse.

Goode recommended that where the investment risk fell on the employer – as is the case with schemes that link the value of the pension to employees' final salary – the halance of power should be retained hy the employer, which should have a two-thirds majority on the trustee board.

Where the investment risk fell on the individual – as is the case with money purchase schemes that offer pensions based purely on investment returns – the balance of power should be beld by scheme members, who would form a two-thirds majority.

Goode also wanted trustees to have more power over the professionals they appointed to run the fund. In turn, the latter would have a legal duty to report any "serious or persistent irregularities".

FINANCE AND THE FAMILY

The week ahead
Powering to profit

Seven of the 12 regional electricity companies report their results next week, beginning with Norweb and Seeboard on Monday.

The seven will not want to increase their profits by a much larger percentage than the 15 to 20 per cent announced already by the rest of the pack. Doing so would attract unwelcome attention from consumers and the regulator just ahead of the most important review of prices they are likely to face.

Norweb is expected to announce pre-tax profits of about £175m, against £157m, and a dividend of about 22.5p, up from 20p. Seeboard is predicted to announce £125m (£113m) pre-tax and an 11.6p (10p) dividend.

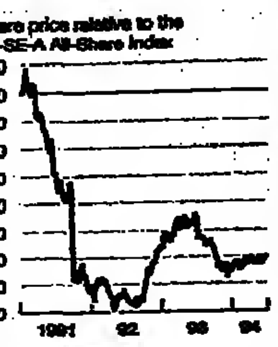
On Tuesday, Midlands is likely to announce about £200m pre-tax (£167m) and a 23p (20p) dividend. On Wednesday, Northern should announce about £125m (£111m) and 24.6p (21.4p) and Eastern about £230m (£183m) and 22p (19.2p).

On Thursday, SWEB should achieve £115m (£101m) and 23.3p (20p). Yorkshire will bring the show to a close on Friday with about £175m (£156m) and 23.5p (20.4p).

□ Airtours, the tour group, is due to report first-half results on Monday, with pre-tax losses expected to be about £18m after a profit of £3.5m from disposal of fixed assets. This compares with £6.9m last time before the expenses of Airtours' failed bid for its rival, Owners Abroad.

The loss will occasion no surprise; travel companies usually make first-half losses. Nor will the size of the loss be unexpected; Airtours said this would not exceed £18m when it launched a rights issue in April.

Asda



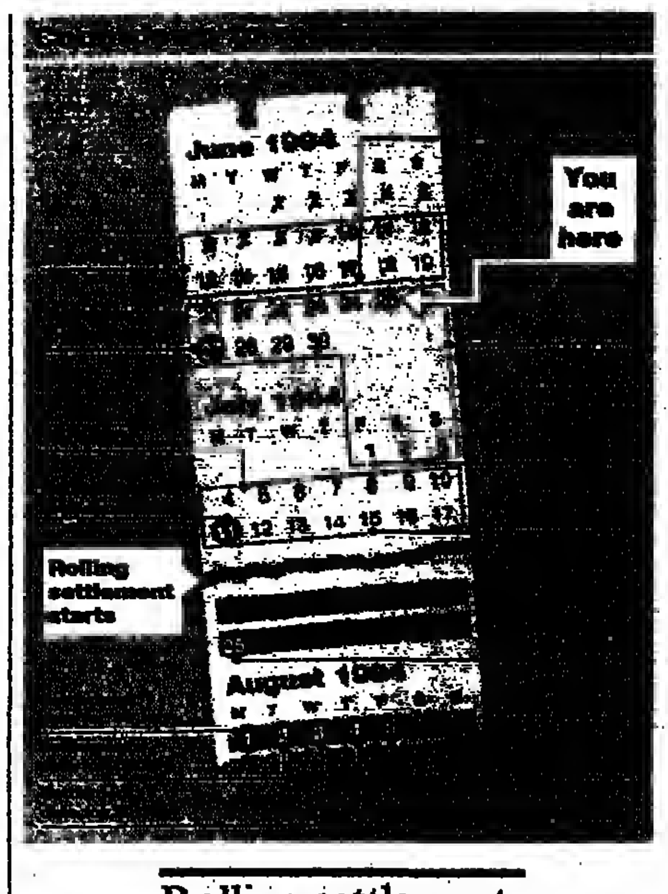
Source: FT Graphite

□ BPB Industries, Europe's biggest plasterboard maker, has seen a sharp rise in margins since a price war between it and two Continental companies - Lafarge Coppee of France and Knauf of Germany - ended more than 18 months ago.

Pre-tax profits of about £100m are expected for the year to the end of March when BPB announces its annual results on Thursday. This compares with £57.5m the previous year, but is still well short of the peak of more than £200m earned five years ago.

□ Asda, the supermarket group, reports its full-year results on Thursday and is expected to post pre-tax profits of around £190m, little changed from the £187.4m reported the previous year which included exceptional credits of £65.2m.

□ Vendome, the £3bn luxury goods group spun off from the restructuring of Rothmans last October, is expected on Friday to report profits of at least £205m for the year to end-March - ahead of a pro forma £187.8m. The group, which numbers Cartier and Dunhill among its brands, will also be reporting exceptional charges of more than £20m, mostly made up of restructuring costs.



Directors' transactions
Buyers take advantage

Whenever the market experiences some slow-down, directors tend to use the opportunity to buy shares. This is proving to be the case at present. Over the past six weeks or so, there has been a steady level of buying across all sectors.

□ Compnting company ACT Group announced results the day before directors bought stock on the market. Following an additional announcement warning that profits in the present year were going to be affected adversely by product development costs, the price fell sharply.

At the lower share price level three directors - Roger Foster, the chairman, Michael Hart, the managing director, and Dr Gwyn Jones, a non-executive director, bought a total of more than 129,000 shares at prices between 130p and 131p.

□ Porter Chadburn, the leisure goods distributor, also announced final results during the week. The group recorded a pre-tax loss of £17.2m compared to a loss of £3.6m for the same period last year.

Nevertheless the chairman, Patrick Barrett, remained confident about the future and three directors, including himself, and the chief executive, Tony Philipson, all bought stock at 32p.

□ Phillip Kaye is the largest single shareholder on the board of City Centre Restaurants. Prior to this recent sale, he held more than 2 per cent of the company. This stake has now fallen to about 1.6 per cent with the sale of 1m shares at 82p.

Vivien MacDonald
The Inside Track

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

Company	Sector	Shares	Value	No of directors
SALES				
Bentalls	RetG	20,000	24	2
British Fittings	Dist	20,000	17	1
City Centre Restrs	L&H	1,000,000	820	1
Glaxo Holdings	Phrm	71,600	420	1*
Hicking Pentecost	Text	387,296	891	1
Jarvis Porter Gp.	PP&P	1,213,348	208	4
Marks & Spencer	RetG	62,090	255	1*
Seton Health Care	Hlth	75,000	240	1
The Boots Company	RetG	12,500	66	1*
PURCHASES				
ACT Group	SSer	129,425	168	3
American Trust	InvT	11,000	30	1
British Mohair	Text	10,000	18	1
Dewson Intn'l	Text	141,041	199	3
Elliot (B)	Eng	25,000	22	1
Garrard & National	OthF	2,500	10	1
Hambros	MBnk	12,500	37	2
Higgs & Hill	BCon	20,000	21	1
Johnston Group	BM&M	10,000	24	1
Laird Group	EngV	7,000	28	1
Lloyds Chemists	RetG	7,500	23	1
Manchester United	L&H	70,000	431	1
Marks & Spencer	RetG	6,500	26	1
Norcos	BM&M	13,400	18	1
Portals	PP&P	20,000	132	2
Porter Chadburn	Divl	125,000	40	3
Royal Doulton	HseG	5,187	15	1
Sanderson Bramall	SSer	47,334	91	3
Sears	RetG	12,000	14	2

Value expressed in £000s. This list contains all transactions, including the exercise of options (*) if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange 13-17 June 1994.
Source: Directus Ltd, The Inside Track, Edinburgh

Rolling settlements
Big day gets ever nearer

There is only one complete stock exchange account period left until rolling settlement begins on July 18.

The stock exchange divides the year up into account periods, named by letters of the alphabet. We are now in the middle of account period M, in which the last day for dealings is July 1.

All trades conducted any time in the account period, which began on June 20, are totalled and a single bill for the net amount is sent out. It has to be settled on July 11.

This allows some investors (particularly, those who have dealt early in the account) up to 15 working days to settle their accounts.

The system allowing them to settle the net amount is useful for all investors, and especially speculators who aim to buy and sell at a profit within the same account.

If successful, they can make money without ever having to put up a penny of their own money.

Account periods will disappear from July 18, although investors who dealt in the last period - account N - can still settle in the usual way on July 25.

From July 18, the settlement day will be 10 working days after dealing day - or T+10.

RESULTS DUE

Company	Sector	Anncmnt due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS					
Aberdeen Steak Houses	L&H	Thursday	-	-	-
Aeda Group	ReFd	Thursday	0.50	1.10	0.56
Asprey	ReGn	Wednesday	1.1	4.0	1.25
BPB Industries	BdMa	Thursday	2.7	4.8	2.8
Berkeley Group	B&C	Tuesday	1.65	4.36	1.9
Booth Ind Grp	Eng	Thursday	0.70	-	-
British Bio-Technology	Phrm	Thursday	-	-	-
Business Post	SpSv	Monday	-	-	1.2
Cassidy Bros	Text	Tuesday	0.75	1.65	0.75
Castle Mill Intl	Text	Wednesday	-	-	-
Claybithe	OtFn	Monday	0.75	1.75	0.75
Compco Holdings	Prop	Thursday	-	12.96	-
Debenham Tewson & Chin	Prop	Tuesday	1.2	1.5	1.5
Donelon Tyson	B&C	Thursday	-	1.2	-
Eastern Electricity	Elec	Wednesday	5.5	13.7	6.6
Fairbriar	B&C	Thursday	-	-	-
Falcon Hldgs	n/a	Tuesday	5.0	-	3.0
Feedback	E&EE	Wednesday	-	1.5	0.5
Grt Bus Group	n/a	Tuesday	-	-	-
Hadleigh Ind	Eng	Thursday	0.5	0.5	0.5
Halma Plc	Eng	Tuesday	1.036	1.6	0.933
Heath (Samuel) & Sons	BdMa	Friday	1.5	4.0	1.5
Hewetson	BdMa	Monday	0.5	0.75	0.5
Hogg Robinson	SpSv	Monday	2.6	4.0	2.75
Ivory & Sime	OtFn	Thursday	1.75	4.75	2.25
Joseph (Leopold)	MrBk	Thursday	3.1	13.5	3.25
Lister & Co	Text	Monday	-	0.10	-
Lowndes Lambert Grp Hldgs	Ins	Tuesday	4.5	9.0	5.0
MS International	Eng	Tuesday	1.0	1.5	1.0
Matthew Clark	SW&C	Thursday	6.75	10.0	7.25
McInerney Properties	Prop	Tuesday	-	-	-
Metrotect Industries	Chem	Wednesday	-	-	1.15
Midland & Scottish Resources	O&E	Wednesday	-	-	-
Midlands Electricity	Elec	Tuesday	9.0	4.65	7.65
Northern Electric	Elec	Wednesday	6.3	15.15	7.4
Norweb	Elec	Monday	5.0	14.1	0.7
OMI Intl	Eng	Friday	0.75	1.0	0.75
Pietigrum	OtSv	Thursday	0.25	0.25	0.28
Perth Group Plc	OtSv	Thursday	-	-	-
Randfontein Estates Gold Mng	Extn	Thursday	-	-	-
Seeboard	Elec	Monday	5.7	14.3	3.3
South Western Elec	Elec	Thursday	5.9	14.1	7.0
Sutcliffe Speakman	OtSv	Tuesday	-	-	-
TGI	E&EE	Wednesday	0.5	1.0	0.6
TR Technology	InTr	Friday	-	1.75	-
Tring Intl Group	n/a	Wednesday	-	-	-
Vendome Luxury	ReGn	Friday	-	-	-
Western Areas Gold Mining	Extn	Thursday	-	-	-
Wilton Group	Dist	Tuesday	-	-	-
Witwatersrand	Extn	Thursday	-	-	-
Yorkshire Electricity	Elec	Friday	6.0	14.42	6.9
INTERIM DIVIDENDS					
Airtours	L&H	Monday	1.0	8.0	-
Allied Radio	Med	Tuesday	-	-	-
Arcon International Resources	O&E	Thursday	-	-	-
Brunner Inv Tst	InTr	Thursday	2.4	2.85	-
Castle Cairn Inv Tst	InTr	Monday	-	-	-
Crest Nicholson	B&C	Friday	-	1.0	-
Dwyer	Prop	Friday	-	-	-
Emerald Energy	O&E	Monday	-	-	-
Endromed	Hlth	Wednesday	-	-	-
Eurocamp	L&H	Thursday	3.45	6.3	-
First Nat Finance	Bank	Thursday	0.5	1.0	-
Fleming Inc & Cap	InTr	Monday	1.0	1.9	-
Gestetner Holdings	E&EE	Thursday	1.8	1.2	-
Gresham Telecomputing	SpSv	*Thursday*	-	*0.27*	-
Heavitree Brewery	Brew	Wednesday	0.60	3.0	-
Henderson Highland Tst	InTr	Tuesday	1.4	1.4	-
Hunters Armley Grp	PP&P	Tuesday	1.25	2.5	-
Inveresk	PP&P	Friday	-	3.5	-
Kleeneze	ReGn	Thursday	-	-	-
Partridge Fine Arts	ReGn	Friday	1.2	1.5	-
Sleepy Kids	Med	Monday	-	-	-
Soundtracs	E&EE	Monday	0.92	1.48	-
Sphere Inv Tst	InTr	*Monday*	0.75	-	-
Throgmorton Pref Inc Tst	InTr	Tuesday	-	-	-

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue. Reports and accounts are not normally available until about 6 weeks after the board meeting to approve preliminary results.‡‡ 1st quarterly. ⁋ 2nd quarterly. ★ 3rd Quarterly

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £ms**	Bidder
	Prices in pence unless otherwise indicated				
Bredero Props.	10*	11	15	3.70	Slough Estates
Chiltern Radio	242*	242	205	16.90	CLT
Davenport Vernon	167	156	113	32.30	Evans Halshaw
Great Southern	600*	606	475	71.11	Service Corp Int
Do. Prf.	239*	236	160	16.29	Service Corp Int
Jessups	127½	125	98	12.36	BSG
LASMO	165	148½	162½	1590.0	Enterprise Oil
Linread ‡	219	207	153	26.70	McKechnie
NMC ‡	159§§	156	159	113.00	Britton
Spear (J.W)	900*§	740	740	48.90	Hasbro
Spear (J.W.)	1000*	740	740	52.00	Mattel
Towles	265*	271	243	4.22	London City
Trans World	181	173	173	70.80	EMAP

*All cash offer. §For capital not already held. ‡ Unconditional. **Based on 2.30 pm prices 24/6/94. §§Shares and cash.

PRELIMINARY RESULTS

Company	Sector	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Albrighton	BdMa	Mar	768	(358 L)	1.2	(-)	0.5	(-)
Allen	B&C	Apr	3,100	(1,500)	8.67	(6.06)	6.25	(5.0)
Amber Ind	Chem	Mar	4,140	(3,070)	67.0	(43.7)	20.0	(18.0)
BTP	Chem	Mar	30,300	(20,500)	15.8	(12.7)	10.0	(9.3)
British Steel	Eng	Apr	80,000	(149,000 L)	3.45	(-)	2.0	(1.0)
Carpetright	ReGn	Apr	14,000	(78,600)	12.0	(8.29)	7.0	(1.25)
Cater Allen	OtFn	Apr	17,100	(18,900)	49.9	(50.0)	28.0	(27.0)
Caledonia Inv	OtFn	Mar	45,200	(36,000)	30.3	(26.1)	18.2	(15.0)
Cambridge Water	Wtr	Mar	4,140	(2,940)	944.0	(786.0)	190.0	(170.0)
Chester	Wtr	Mar	3,310	(3,060)	41.9	(37.2)	14.0	(11.0)
China Investment Tst	InTr	Mar†⁋	130.5	(-)	-	(-)	-	(-)
Courts	ReGn	Mar	22,130	(14,190)	65.26	(37.86)	7.0	(6.5)
Critchley	E&EE	Mar	3,850	(3,050)	21.1	(19.1)	8.1	(4.8)
Dares Estates	Prop	Dec	309 L	(22,400 L)	-	(-)	-	(-)
Dart	Tran	Mar	2,340	(1,660)	10.6	(7.5)	5.7	(3.3)
Dartmoor Inv Tst	InTr	Apr‡	118.45	(78.35)	11.57	(12.09)	11.6	(11.6)
Davenport Knitwear	Text	Dec	9,730	(8,860)	64.5	(56.7)	9.2	(8.625)
ERF Holdings	EngV	Apr	26,000 L	(4,120 L)	-	(-)	2.0	(2.0)
East Midlands Elec	Elec	Mar	51,200	(195,100)	12.7	(63.3)	22.7	(19.5)
Eidos	E&EE	Dec	77 L	(190 L)	-	(-)	-	(-)
Essex & Suffolk Water	Wtr	Mar	21,900	(18,900)	204.0	(222.0)	-	(-)
Faupel Trading	Text	Mar	1,020	(59 L)	6.66	(-)	4.9	(4.9)
Filofax	OtSv	Mar	3,260	(2,200)	10.1	(7.7)	1.75	(1.25)
Fletcher King	Prop	Apr	301	(224)	2.1	(1.6)	1.5	(1.0)
GEI Intl	Eng	Mar	2,130	(2,100)	3.56	(-)	1.5	(4.84)
Harris (Philip)	Eng	Dec	1,280	(2,020)	8.1	(16.47)	0.85	(0.85)
Hazlewood Food	FdMa	Mar	48,100	(35,000)	16.0	(17.51)	0.7	(6.4)
Hiclare	E&EE	Mar	482 L	(54)	-	(-)	9.6	(-)
Imry	n/a	Mar	18,300	(24,500)	-	(-)	-	(-)
JLI Group	FdMa	Mar	4,080	(5,200)	7.1	(9.3)	4.8	(4.65)
James Latham	BdMa	Mar	1,340	(2,210 L)	21.4	(-)	4.0	(1.5)
John Swan	OtSv	Apr	377	(231)	39.4	(25.2)	18.0	(16.0)
King & Shaxson	OtFn	Apr	2,800	(3,150)	9.6	(11.0)	9.6	(9.0)
ML Holdings	Eng	Mar	5,230	(11,200 L)	2.9	(-)	0.85	(-)
Manweb	Elec	Mar	128,000	(111,000)	83.8	(69.3)	24.35	(21.0)
Norbain	Dist	Apr	2,320	(1,010)	20.85	(12.96)	2.25	(1.5)
Optometrics Corp	Eng	Mar⁋	172,000	(103,000)	0.93	(0.70)	-	(-)
Phoenix Timber	BdMa	Mar	561 L	(4,190 L)	-	(-)	-	(-)
Pilot Investment Tst	InTr	Mar†	141.6	(-)	1.93	(-)	1.5	(-)
Portsmouth & Sunder	Med	Apr	7,300	(6,010)	41.0	(36.3)	10.64	(9.45)
Renold	Eng	Apr	6,000	(1,200)	7.4	(0.9)	2.5	(1.0)
Rothmans Intl	Tob	Mar	343,600	(470,700)	18.8	(34.8)	16.5	(15.65)
Shanks & McEwan	OtSv	Mar	5,050 L	(10,200)	-	(4.1)	3.24	(5.68)
Sharelink	OtFn	Mar	6,190	(3,120)	26.11	(12.65)	8.0	(-)
Southern Electric	Elec	Mar	222,000	(187,300)	64.0	(54.5)	22.7	(19.8)
Sterling Industries	Eng	Mar	4,710	(3,740)	12.06	(8.5)	8.3	(6.8)
Templeton Emerging	InTr	Apr†	346.2	(247.3)	2.73	(2.75)	2.1	(1.7)
Tex Holdings	Eng	Mar	273	(84 L)	2.4	(-)	-	(-)
Total Systems	n/a	Mar	142	(833)	0.96	(6.06)	-	(3.0)
Vega Group	SpSv	Apr	2,150	(1,480)	10.01	(8.36)	3.11	(2.73)
Wagon Ind	Eng	Mar	15,800	(18,100)	19.58	(29.0)	17.83	(17.31)
Wainhomes	B&C	Mar	6,220	(5,290)	9.6	(7.9)	-	(-)
Wessex Water	Wtr	Mar	103,300	(88,100)	80.4	(80.1)	23.5	(21.5)
West Trust	FdMa	Mar	1,420 L	(128)	-	(0.20)	2.5	(2.5)
Wintrust	MrBk	Mar	2,510	(2,020)	14.97	(11.19)	10.25	(9.3)

INTERIM STATEMENTS

Company	Sector	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Aukett	Prop	Mar	131	(2,360 L)	-	(-)
Brooke Tool Eng	Eng	Mar	78	(387 L)	-	(-)
City Site Estates	Prop	Mar	312	(170)	-	(-)
Clyde Blowers	Eng	Feb	514 L	(18 L)	1.5	(1.33)
Electra	InTr	Mar†	380.9	(341.3)	3.55	(3.45)
Electronic Data	SpSv	Mar	2,080	(2,340)	0.667	(0.667)
Eurotherm	E&EE	Apr	12,100	(9,200)	2.0	(1.75)
First Leisure	L&H	May	14,100	(12,200)	2.12	(2.0)
Grainger Trust	Prop	Mar	4,780	(1,020)	1.36	(1.2)
Greenwich Comms	Med	Feb	24 L	(23 L)	-	(-)
Hardys & Hansons	n/a	Apr	3,600	(3,320)	3.4	(3.0)
Johnson & Firth Brwn	Eng	Mar	842	(2,070)	-	(1.0)
LPA Inds	E&EE	Mar	68 L	(18)	0.8	(1.08)
London & Clydeside	B&C	Mar	327	(34)	1.8	(1.8)
Lovell YJ	B&C	Mar	1,130 L	(3,930 L)	-	(-)
Polar	Dist	Apr	781	(490)	2.5	(2.0)
Quality Care Homes	Hlth	Apr	1,520	(1,490)	1.5	(1.5)
Second Cons Tst	InTr	Apr‡	111.2	(109.2)	1.5	(-)
TSB Group	Bank	Apr	228,000	(80,000)	3.54	(3.15)
Trio	OtFn	Mar	1,450	(2,300)	-	(1.0)
Watson & Philip	ReFd	May	5,080	(4,020)	4.7	(4.40)
Windsor	Ins	Mar	18	(1,900 L)	-	(-)

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L = loss. † Net asset value per share. ‡ Irish Punts and pence. ⁋ US Dollars and Cents. ⁑ 10 month figures.

RIGHTS ISSUES

Cater Allen is to raise £32.3m via a 1 - 3 rights issue @ 410p.
Greycoat is to raise £47m via a 3 - 8 rights issue @ 13p.

OFFERS FOR SALE, PLACINGS & INTRODUCTIONS

Capita Group is to raise £4.2m via a placing of 2.6m ordinary shares @173p.
EFT is to raise appx £2.56m via a placing & open offer of 5.48m shares @ 49p.
Mansfield (John) is to raise £1.6m via a placing of 53.4m shares at 3p.
Rugby is to raise appx £61m via a placing of 48.9m shares @ 125p.
Tops Estates is to raise appx £19.4m via a placing.
United Ceramic Materials is coming to the market with a flotation of £8 - 10m.

FINANCE AND THE FAMILY

3i floats as others founder

***John Gapper** analyses the prospects of a venture that is looking to the long term*

Like a large ocean liner sailing calmly onwards while smaller vessels founder in increasingly choppy seas, 3i announced the terms of its long-promised flotation this week. Despite heavy falls in the London market, the bank-owned venture capital company refused to be diverted.

Retail investors are to be offered up to £178m of equity from its £711m flotation at 272p a share. The company and its advisers are not too worried about whether they take it up, since the institutional funds which are buying the other £533m are prepared to soak up any excess.

It was difficult to find too many sceptics about the value of the 3i offer this week. The company, which is the largest European investor in unquoted companies, has attracted a lot of interest from professional investors.

The shares were priced at a 13.5 per cent discount to net assets. This is a little more expensive than other quoted investment trusts, the sector it is joining for tax reasons, but advisers say its portfolio is worth more than others because of its hias towards smaller, unlisted UK companies.

Since institutional funds bid for £1.2hn at the offer price after being canvassed on a range of prices, 3i's advisers are confident of a good "after-market" in the shares. In other words, they are expecting at least an initial rise above the offer price when dealing starts on Monday July 18.

The institutional funds have been attracted by several aspects of 3i:

■ Because it is so large, with a market capitalisation of £1.58bn at the offer price, it is likely to enter the FTSE 100 (Footsie) index later this year. This gives it an automatic appeal, because most funds need to have 3i shares to give them a weighted holding of the index.

■ 3i's range of investments in 3,500 small and medium-sized unquoted companies gives investors a rare chance to make an indirect investment in the sector, which tends to outperform the overall growth rate as the economy recovers.

■ The company appears to be managed effectively and, unlika the seven high street banks which have owned it until now, has not made any significant lending blunders.

These factors have helped to attract significant interest among the more affluent individual investors (whom 3i's advisers have dubbed "Jeremies" in contrast to the more down-market Sid who was targeted for the British Gas privatisation). Some 335,000 individuals pre-registered for details of the offer.

Unlike BG and other utility privatisations, though, 3i does not offer the same possibilities for making a quick profit. "*This is not a stagging issue.*" says one analyst.

Ewen Macpherson, 3i's chief executive, adds: "We are looking for investors who know what they are doing and are buying for the long term."

In its £2m marketing push, 3i targeted people who would hold shares as part of a portfolio. The "Jeremies" it seeks will hava to spend at least £1,020 on a 3i stake – the value of the 375 shares which have heen set as the minimum investment – hut the company has estimated there are 1m such investors.

Arguing thet an investor in the UK small company sector is taking no risk might seem odd, given the wave of small company failures early in the 1990s. Yet, 3i's risk is less than might appear, given the spread of its investments acroes regions and industrial sectors.

Academic studies have found thet 3i's portfolio is less volatile than any individual industrial sector or quoted company, Nonetheless, the gearing effect – under which small companies perform better than the average in recoverles and worse in recessions – should be taken into account.

One analyst argues that there are two possible approaches to 3i for an individual investor. One is to treat the shares as a long-term investment through rough and smooth. A more adventurous one is to buy in recovery and try to sell at the point when an economic downturn is about to strike.

The implication of either approach is that 3i is floating at a good time for investors. The biggest gains from economic recovery are past – but 3i points out, in its note on prospects, that the health of its British portfolio "has steadily improved in the past year", a trend which is continuing.

Share applications are available from Lloyds Bank, the registrar, and must be submitted by July 6. The allocations of shares will be announced on July 8, and share certificates will be sent on July 15.

■ This week's other new issue, Eurodollar, is examined in UK Company News.

NEW INVESTMENT TRUST LAUNCHES

Manager (Telephone)	Broker	Sector	Warrants	Targets: Size £m	Targets: Yield %	PEP Qual?	Savings Scheme	Issue Price P	Minimum NAV P	Outside PEP: Minimum Invst. £	Outside PEP: Annual Charge %	Inside PEP: Minimum Invst. £	Inside PEP: Annual Charge %	Offer Period
■ **INVESCO Japan Discovery**														
INVESCO Asset management (0800 010333)	Panmure Gordon	Japan	1:5		n/a	No	Yes	100p	95.1p	1,000	1%	n/a	n/a	14/7/94-29/7/94
Specialising in Japanese smaller companies, to be run by manager of Invesco's Japan Smaller Companies unit trust														
■ **Old Mutual South Africa Trust**														
Old Mutual (071 772 2173)	Smith New Court	Emerging Mkts	1:5	50	n/a	No	No	100p	95.5p	1,000	1%	n/a	n/a	23/6/94-1/7/94
The UK's first South African investment trust, specialising in smaller and medium sized companies														
■ **Schroder Japan Growth Fund**														
Schroder Investment Management (0800 526535)	Smith New Court	Japan	1:5	100+	n/a	No	Yes	100p	95.5p	2,000	1%	n/a	n/a	7/6/94-30/6/94
General Japanese fund from the Schroder stable, which already runs several Japanese unit trusts														
■ **3i**														
3i (0645 313131)	Baring Brothers	Venture Cap	n/a	1.6bn	3%	No	No	272p	314.4p	1,020	n/a	n/a	n/a	22/6/94-6/7/94
The giant investment capital fund finally comes to market as the banks sell part of their stake														

Diary of a Private Investor

The right to be informed

Share dealing in the UK is under close scrutiny. In February, the Securities and Investments Board (SIB), the industry's watchdog, issued a discussion paper on "Regulation of the United Kingdom Equities Market". The deadline for submissions has just ended.

The paper noted: "There is analysis which suggests that retail dealing costs are high when compared with institutional dealing costs and are also high when compared with retail dealing costs in other European equity markets."

Early this month, it was announced that the Office of Fair Trading had begun an investigation into market-making in shares on the London Stock Exchange. It remains to be seen if either inquiry benefits private investors. But one section of the SIB paper dealt with "well informed markets" and commented: "Market regulation should aim to enable market participants and users to be well informed for the purposes of making their trading conditions."

As private investors pay more than institutional investors to deal in shares, surely they should be treated better when it comes to getting information from companies. At present, institutions are allowed swifter access to information (and given more of it) than private investors.

There is, for instance, the matter of annual general meetings. Far too many start at bighly inconvenient times – such as 9.30am in London or 10.30am in Glasgow. This means that many private investors cannot attend unless they are willing to spend money on setting off the previous day from their distant homes and staying overnight.

Unless there are good reasons for holding early-morning AGMs (and I cannot think of any), they should start no earlier than 11am.

The timing of certain comments and announcements also leaves much to be desired. If, for instance, a company's directors wish to discuss their results with analysts on the day of an AGM, this should not happen before the meeting and/or the release to teletext services of the chairman's AGM statement.

For that matter, many companies do not make enough use of teletext on BBC 2 and Channel 4. Any major announcement by a company to the stock exchange should go to teletext simultaneously.

I would also like very much to see a ban on companies making non-urgent announcements to the stock exchange at times – such as Friday afternoons before bank holidays – when press coverage of them is likely to be limited.

The same goes for companies which announce poor results. These should have the widest possible publicity. So, why are companies allowed to publish them on a Friday afternoon or (worse still) on Christmas or new year's eve? Institutional investors get the facts almost immediately via their trading screens. But the poor private investor could well have to wait several days before a press report appears.

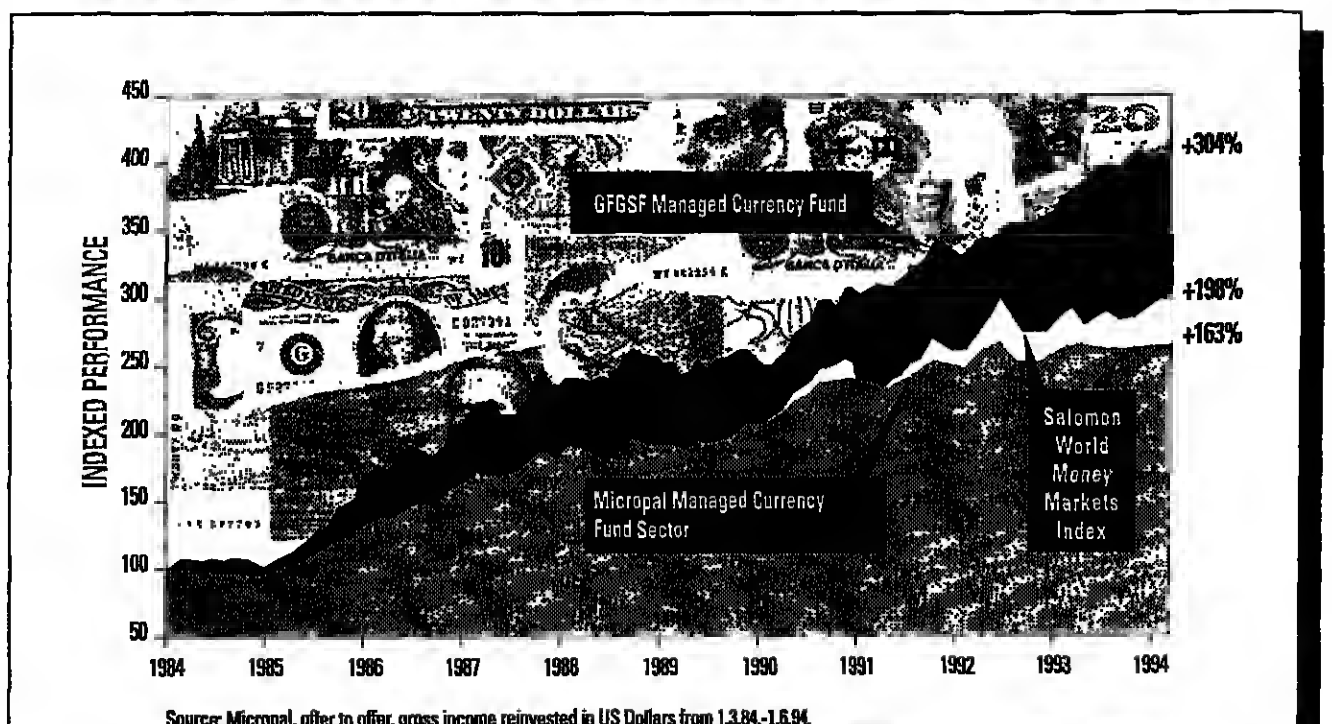
Indeed, companies should be forced to send all shareholders *(by first class post) full details* of any "bad news" results at the same time they are delivered to the stock exchange.

Then there is Crest, the proposed new share settlement system, and the moves to rolling settlement within a strictly limited time. These will force many more private investors to use nominee services.

As a result, company reports and circulars will go straight to the nominee rather than private investors. Anyone using such a service should have the right to demand that listed companies send such reports and documents direct to investors – *and at no extra cost.*

SIB's discussion paper said: "To a greater extent than in the case of any other national securities exchange, trading on the London Stock Exchange is dominated by institutional, large size dealing…" Perhaps if some (or all) of the above suggestions were implemented, the situation might improve for private investors.

Kevin Goldstein-Jackson



Where discipline rules and mavericks are out

*Seeing how other people manage money helps you to manage your own better. That is the theory behind our new series by **Joanna Slaughter** on private client investment managers.*

To get the most from the series, you should note carefully what the managers do and what they avoid. As professionals, most of them invest according to a definite system. They will, for instance, have a method for deciding on overall asset allocation – which countries and which types of shares. And they will have another for picking individual shares. They do not rely on hunches or insider information.

Over the next few weeks, we will be talking to a selection of firms in the City of London. This week: Schroders.

There are no maverick managers at Schroders, according to John Henderson. He is managing director of Schroder Personal Investment Management (SPIM), the private client arm of the merchant banking and investment management group.

"This is a very disciplined and conservative house," adds Henderson, who describes its style as "research-driven, low turnover, international." He adds: "All the investment managers follow the Schroder house view. They have the opportunity to feed in their thoughts as to the relative attractions of a sector but, once the committees have decided the direction Schroders should go, everyone follows."

Take last year, when Schroders decided to reduce its Pacific rim investments and increase its exposure in Japan. The shift in asset allocation was reflected in every Schroder portfolio; only the percentage weightings varied to reflect a client's particular requirements.

Schroders has 383 managers and analysts world-wide, and 1,000 investment staff. "With 35 offices in 27 countries, I would suggest that we are the most international of the merchant banks," says Henderson. This international dimension no doubt owes something to the philosophy of the company's founder, John Henry Schroder, who moved to London from Hamburg in 1804.

The bank made its first investment in Japan in 1870 and established a New York presence in 1923. Today, more than half Schroders' 3,900 staff, and 50 per cent of its operating capital, are employed in offices overseas. SPIM manages portfolios in 10 currencies, tracking many different benchmarks, and Henderson describes the growth in overseas clients as "spectacular".

The team approach is central to the company's management of private client money. Each client is looked after by three managers – an investment director, an investment manager and an administrator – who decide overall investment strategy and diversification. Long-term strategy is determined by the senior directors, advised by the Schroder economists and the heads of regional equity and fixed interest teams, while tactical asset allocation is the preserve of a specialist team.

Present portfolio weightings are gilts, bonds, and cash (14 per cent); UK equities (55 per cent); North America (4 per cent); Japan (10 per cent); other Far East markets (5.5 per cent); continental Europe (7.5 per cent) and emerging markets (4 per cent).

Stock selection is delegated to other specialists and there is a selected equity list of 186 shares. Any stock not on this list is on trial. Henderson says: "Investment managers know that if they want to invest in something that is not on the SEL, their necks are on the block."

Certainly, managers who do not provide performance for private clients appear to have no hiding place. The three executive directors of SPIM review individual portfolio diversifications at least each quarter and monitor the comparative performances.

Schroders has been managing private client money since the turn of the century and it still looks after the descendants of its first customers. Henderson describes the company as "a family bank" where "people stay and clients form a relationship with an investment management team that can last for generations".

Solicitors and accountants are the source of 80 per cent of all new clients, and Henderson is used to fighting the firm's corner in fiercely-contested beauty parades. Last year, Schroders won 106 new private clients and lost one – a Swiss, who was unhappy with the house emphasis on equities. Henderson says: "If we do a good job for the client of a solicitor, he will put us in the beauty parade when another client comes along. We are never handed anything on a plate. It is a jungle out there."

Even the Schroder name does not necessarily open doors. "Most people think we are a German kitchen manufacturer," Henderson notes.

Clients' annual fees are based on the size of their portfolios and the complexity of their demands. Henderson points out: "We have the best incentive to make the portfolio perform well, and to minimise risk. We have no conflict of interest."

Although Schroders has a large derivatives team, it uses only currency hedges for private clients. Henderson says: "We very rarely hedge out of the base currency of the portfolio, and we have no currency hedges outstanding at the moment for our sterling clients. We want to stick to what we have a record of doing well, which is fundamental investment management and fundamental sector research."

An initial £100,000 is needed to become a Schroder private client, and individual client money ranges from this minimum figure to £100m. It is something of a surprise, therefore, to learn that nearly all clients invest to some extent in Schroders' own products.

"We have portfolios of £20m invested entirely in our unit trusts," says Henderson. "There is often a misconception among the public that unit trusts are only for the smaller investor – and, of course, a unit trust does not have the same excitement at the golf club as a portfolio of shares. Yet, the bigger the client, the bigger the tax and administrative benefits of a unit trust."

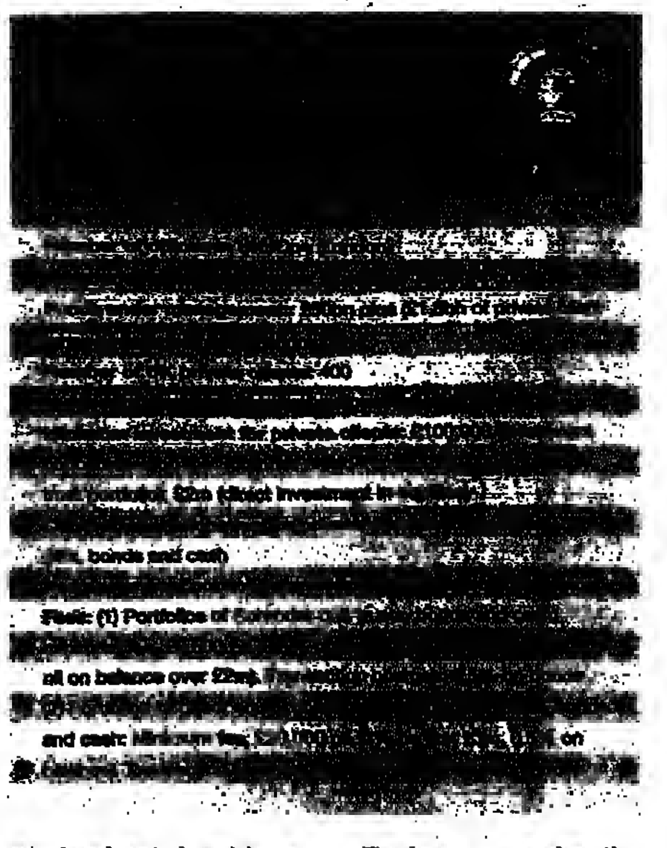
The core unit trust for private clients is the £60m Schroder World fund, which is open also to any non-client with £1,000 to invest. The fund, which has 280 stocks in its portfolio and is used for all private clients with less than £500,000, produced a return of more than 30 per cent last year, and its geographical diversification makes it a shop window for the firm's investment skills.

A "cocktail" of Schroder unit trusts is constructed for those with assets of more than £500,000. Direct equity investment usually is confined to clients with more than £2m.

The Schroder view is that portfolios should include at least 25 stocks in each market sector, and Henderson argues that the risk of a direct equity investment is too high for any investor with less than £2m. "It doesn't give any scope to trim the holding and it restricts the flexibility of the manager, so clients do not get the added value that Schroders should be able to bring."

Liquidity in clients' portfolios is low but managed actively. Henderson explains: "Because we are long-term, cautious and conservative investors, if a client needs funds in the next two years, we will raise the money today and hold it in low coupon, short-dated gilts.

"We will always have at least 10 per cent of the portfolio at 24 hours' notice. Nothing is locked in for longer than one month unless the client has sanctioned us to invest in venture capital."



Prospective private clients certainly need to be convinced of the Schroder investment pedigree because they may be asked to liquidate their existing portfolios so the firm's investment managers can start with a clean sheet, especially if the unit trust route is to be followed.

Henderson concedes that this is a tough requirement. "Liquidation crystallises capital gains for taxpayers, and there is no way round that. But we would urge clients to do it, for it will enable us to hold the things in the portfolio that we like. The client has to decide whether it is worth taking the initial hit for the benefits that Schroders can bring."

The acceptable face of insurance

***Anthony Bailey** finds that an industry hit by bad publicity has its good points, too*

There is a danger that bad publicity surrounding the life insurance industry will deter consumers from buying much-needed products. The most basic of these is life insurance, although it goes under less obvious names such as "term" and "protection-only" insurance.

The problem is that life insurance has strayed far from its roots. Much of the premium income earned by life companies does not pay for insurance but, instead, is invested to produce a return. Yet, policies which avoid any link with investment can be basic tools of financial planning. "The most obvious area for life insurance is to provide protection. We give the cheapest and best organised term insurance in the world," says Peter Smith, of financial adviser Hill Martin.

□ Term or protection-only cover is essential for anyone whose death would leave dependents worse off. That usually means the main earner, but it can be worth buying cover for a non-working spouse as well if his or her death would mean extra expenses for such things as child care.

There is a range of policies on the market which pay out lump sums or fixed incomes or can be used for increasing incomes. A competent adviser should be able to suggest the most suitable. Short-term policies can be used in conjunction with inheritance tax planning.

□ Mortgage protection policies are a variation on the lump sum theme. Designed to settle an outstanding repayment mortgage, the level of cover decreases as the outstanding capital diminishes. This can make them especially good value.

□ Critical illness cover is a relatively recent development which might appeal even to those without dependents. It works in much the same way as term insurance – with the crucial difference that it will pay out before you die if you get a specified serious illness.

□ Permanent health insurance also pays out while you are alive. The payment comes as income and is not restricted to serious illnesses. It is a form of sick pay, and should be considered by the self-employed and those who work for an employer with a niggardly sick pay scheme.

Getting advice on the best policy, however, is more important than with some other life products. You have to make sure you get a policy which starts paying out when yon will need the money as there are different deferment times – the first period of an illness when nothing is paid. You also need to watch out for exclusions.

□ Private medical insurance is another area where life companies have become more active in recent years. Bupa (the British United Provident Association) is generally synonymous with this type of insurance and remains the market leader. These days, though, there is a wide choice of policy and premium, from budget cover (to beat National Health Service waiting lists) to Rolls-Royce cover (which pays for most things, including stays in exclusive private hospitals).

What about those policies which provide investment? The illogical combination of investment with insurance has evolved for two reasons:

■ Tax relief on premiums, coupled with taxation of a life fund's investment returns (especially in qualifying policies) did provide a degree of tax efficiency – although mostly for higher-rate taxpayers. But premium tax relief was abolished 10 years ago. Meanwhile, Peps and Tessas now give better ways of sheltering returns from tax.

■ Life companies believe that policies which pay out only on death are hard to sell. Investment-linked insurance promises a return even if people survive. But life company claims that they ensure people get life cover by selling them investment plans are, largely, specious.

Even where there is significant life cover, as with endowments linked to mortgages, many people surrender policies early. And many policies have minimal life cover, providing instead long-term, inflexible and tax-inefficient savings schemes.

Unfortunately, there are no serious plans to decouple insurance and investment. So, life company promises to clean up their act and ensure sales staff are better trained in future look hollow. They will still sell products unsuitable for most people.

Are there ever good reasons to link investment with insurance? Smith is hard put to find them. He suggests that, in some cases, it can be used in inheritance tax planning, while the smoothing effect of with-profits policies might appeal to investors who, otherwise, would not be able to sleep at night.

"Favourable tax treatment within the fund may make single premium bonds tax-efficient for those who pay higher-rate tax and capital gains," Smith adds. "But such people usually have substantial assets, are more likely to want a conventional portfolio, and can make use of other tax shelters."

Two products are highlighted as possible buys by James Higgins, of adviser Chamberlain de Broe. "A few companies offer insurance bond shells into which investors can put their own portfolio of investments," he says. "The internal taxation of the bonds can be favourable, but the charges levied by the companies make them suitable only for people with very substantial portfolios."

For the same reason, Higgins says there could be a case for substantial investors to pay into a regular-premium maximum investment plan, particularly as a precaution against future increases in personal taxation. "But, for most people – including most higher-rate taxpayers – insurance bonds are a bad idea. They should look at Peps, unit trusts, investment trusts and National Savings instead," Higgins adds.

Your CGT allowances

The table shows capital gains tax indexation allowances for assets sold in May. Multiply the original cost of the asset by the figure for the month in which you bought it.

Subtract the result from the proceeds of your sale; the balance will be your taxable gain or loss.

Suppose you bought shares for £6,000 in September 1985 and sold them in May 1994 for £14,000. Multiplying the original cost by the September 1985 figure of 1.516 gives a total of £9,096. Subtracting that from £14,000 gives a capital gain of £4,904, which is within the CGT allowance of £5,800.

If selling shares bought before April 6 1982, you should use the March 1982 figure. The RPI in May was 144.7.

The Budget decision that indexation cannot be used to create or increase losses for shares sold after November 29 1993 has been modified for £10,000 of transitional relief.

CGT INDEXATION ALLOWANCES: May 1994

Month	1982	1983	1984	1985	1986	1987	1988
January	-	1.752	1.666	1.587	1.503	1.447	1.401
February	-	1.744	1.659	1.574	1.498	1.441	1.395
March	1.821	1.741	1.654	1.559	1.496	1.438	1.390
April	1.786	1.717	1.632	1.527	1.482	1.421	1.368
May	1.773	1.710	1.626	1.520	1.479	1.420	1.363
June	1.768	1.706	1.622	1.517	1.480	1.420	1.357
July	1.767	1.696	1.624	1.519	1.484	1.421	1.356
August	1.767	1.689	1.609	1.515	1.479	1.417	1.341
September	1.768	1.681	1.606	1.516	1.472	1.413	1.335
October	1.759	1.675	1.596	1.514	1.470	1.406	1.321
November	1.751	1.670	1.591	1.509	1.457	1.399	1.315
December	1.754	1.665	1.592	1.507	1.453	1.401	1.312

Month	1989	1990	1991	1992	1993	1994
January	1.304	1.211	1.111	1.067	1.049	1.024
February	1.294	1.204	1.105	1.062	1.043	1.016
March	1.289	1.192	1.101	1.059	1.039	1.015
April	1.266	1.157	1.087	1.043	1.029	1.003
May	1.258	1.147	1.084	1.039	1.026	
June	1.254	1.142	1.079	1.039	1.026	
July	1.253	1.141	1.081	1.043	1.028	
August	1.250	1.130	1.079	1.042	1.024	
September	1.241	1.119	1.075	1.038	1.020	
October	1.231	1.111	1.071	1.034	1.020	
November	1.221	1.113	1.067	1.036	1.022	
December	1.218	1.114	1.066	1.040	1.020	

Source: Inland Revenue

Tax officer's misconduct

The combined total of my retirement and occupational pensions are below the amount necessary to absorb my personal allowance. I am, therefore, entitled to a refund of tax on my investment income.

Dne to an admitted ovarsight in the local tax office, I did not receive a refund for 1992/93 nntil January this year. In the Revenue's letter of apology, it was written: "I have arranged for a tax return to be issued to you shortly after Easter this year.

"When completed, you should forward your dividend vouchers with the return so that any refund due to you for the current year can be settled quickly and avoid the problems that have arisen to date."

My return was duly received just after Easter and submitted – together with a claim for repayment of tax, my dividend counterfoils and March pay slip – on April 11.

Bnt I was advised hy the county council, my previous employer, that it would not be issuing P60 forms until mid-May, although I am not aware of any information on the P60 which was not on the March pay slip.

I am now told by the Revenne that it is their practice to accept form P60 and that no repayment of tax can be made to me until the form is received.

Is there any statutory anthority by which the Revenne is entitled to withhold repayment of tax, or is it simply an arbitrary decision?

■ No, the tax officer who refused to process your claim in April ected unlawfully and will doubtless be severely reprimanded hy the district inspector.

Write a formal letter of complaint to the district inspector (whose name should be printed on the letterhead of the tax office), marking both your letter and the envelope "For the attention of the district inspector."

As yon have been the victim of maladministration for two consecutive years, the inspector undouhtedly will add at least £100 to your delayed 1993-94 refund by way of token compensation for the persistent misconduct of his staff.

At the same time, you could ask the inspector for a copy of the free leaflet IR 120 (You and the Inland Revenue), and also ask him to arrange for you to receive refunds by instalments during 1994-95 and future years so that you do not have to wait until after the end of each tax year before you get any money back.

Q&A BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All enquiries will be answered by post as soon as possible.

What's in a name?

I am the sole director and majority shareholder of United Chemicals Ltd, which is now dormant. There are no debts except to myself (director's loan account). The company has a tax loss of £12,000. Does the company have a sale value in respect of the tax loss and the name?

■ Since the disappearance of the Business Names Registry, Companies House in Cardiff (tel: 0222-380 801) issues a free booklet giving details of the procedure for registering company names.

There could well be a value in the name of United Chemicals Ltd but the market place will determine that. *(Answer by Murray Johnstone Personal Asset Management).*

Keeping it in the family

To rednce the plethora of paperwork created by privatisation, I wish to rationalise my family's portfolios.

Specifically, I wish to arrange a variety of transfers to consolidate holdings within my family.

Where do I find information regarding any implications for income and, more specifically, capital gains tax? Inland Revenue literature seems unforthcoming.

■ The Revenue does produce a booklet concerning lifatime gifts which deals with the inheritance tax implication of such transfers, and it also produces a booklet (CGT 14) which touches on CGT matters arising from gifts.

The latest edition of the Allied Dunbar Tax Guide contains several references to the income and CGT implications of gifting, particularly to children.

Choose your own broker

My shares are held by nominees (Barclayshare) and, in view of the recent reinstatement of indexation on capital losses, I wish to achieve some major bed and breakfast deals. This can be done at a lower cost through one of the brokers listed in a recent (March 12) *Weekend FT* article.

Is this permissible and valid (share certificates are not required) or must I use the more expensive nominee brokers?

■ As it is not necessary to present the share certificates on bed and breakfast deals, in our opinion you can use any broker you wish. *(Answer by Murray Johnstone).*

Permanent interest-bearing shares

Yields on permanent interest-bearing shares (Pibs) have risen since we last published the table a month ago, *writes Bethan Hutton.*

Pibs are issued by building societies to raise capital. They pay a fixed income indefinitely bnt are not redeemable, so investors can get back their money only by selling them on the open market.

Rising Pibs yields are, generally, linked to the gilts market but variations in the price differeotials between different Pibs are due more to building society factors.

The market is still reacting to the proposed take-over of the Cheltenham and Gloucester building society by Lloyds bank. Elaine Milner, a director at Hoare Govett, says the main impetus behind market movements recently has been speculation over which building society conld be the next target for take-over.

Bot, she adds, Investors' principal motivation is not the cash incentives sometimes offered during a take-over, such as the £500 promised initially to those at C&G holding Pibs in the Lloyds take-over.

Instead, investors are prompted by the better credit ratings of Pibs issued by larger institutions.

If a small society is taken over by a large one, it becomes more credit-worthy and the price of its Pibs will increase. This has increased demand for the Pibs issued by the smallest societies such as the Skipton, Newcastle, Cheshire and Leeds Permanent.

PERMANENT INTEREST BEARING SHARES

Stock	Coupon (gross %)	Minimum (£)	Issue date	Issue price (pence)	Price* (pence)	Yield* (gross, %)
Birmingham Midshires	9.38	1,000	16/12/93	100.17	87.75	10.674
Bradford & Bingley	13.00	10,000	30/9/91	100.20	114.24	10.175
Bradford & Bingley	11.63	10,000	29/6/92	100.13	125.75	10.338
Bristol & West	13.38	1,000	11/12/91	101.79	125.00	10.700
Bristol & West	13.38	1,000	31/10/91	100.34	125.00	10.700
Britannia (1st)	13.00	1,000	13/1/92	100.42	123.50	10.526
Britannia (2nd)	13.00	1,000	8/10/92	107.13	123.50	10.526
Cheltenham & Gloucs	11.75	50,000	21/10/92	100.96	114.75	10.240
Coventry**	12.13	1,000	28/5/92	100.75	114.75	10.547
First National	11.75	10,000	4/5/93	100.25	101.00	11.634
Halifax	12.00	50,000	23/1/92	100.28	88.25	9.915
Halifax	8.75	50,000	7/9/93	100.62	118.75	10.105
Leeds Permanent	13.63	50,000	3/6/91	100.00	131.00	10.401
Leeds & Holbeck	13.38	1,000	31/3/92	100.23	124.50	10.743
Newcastle	12.63	1,000	8/9/92	100.45	100.125	10.737
Newcastle	10.75	1,000	15/6/93	100.32	116.00	10.884
North of England	12.63	1,000	23/6/92	100.14	118.50	10.654
Skipton	12.88	1,000	27/2/92	100.48	110.00	10.819

*Source: Hoare Govett. *Purchase price as at 23 June; excludes accrued interest; **includes stamp duty payable on Coventry Pibs only*

HIGHEST RATES FOR YOUR MONEY

	Account	Telephone	Notice/ term	Minimum deposit	Rate %	Int. paid
INSTANT ACCESS A/cs						
Birmingham Midshires BS	First Class	0902 645700	Postal	£500	5.25%	Yly
Britannia BS	Capital Trust	0538 391741	Postal	£2,000	6.00%	Yly
Leeds & Holbeck	Albion	0532 438292	Postal	£10,000	6.25%	Yly
Nottingham BS	Post Direct	0602 481444	Postal	£25,000	6.60%	Yly
NOTICE A/cs and BONDS						
City & Metropolitan BS	Super 60	081 464 0814	60 Day	£500	6.00%	Yly
				£10,000	6.60%	Yly
National Counties BS	90 Day	0372 742211	90 Day	£50,000	7.15%	Yly
Chelsea BS	Fixed Rate Bond	0800 272505	30.9.93	£10,000	9.00%F	Yly
MONTHLY INTEREST						
Britannia BS	Capital Trust	0538 391741	Postal	£2,000	5.75%	Mly
Bristol & West BS	Balmoral Income	0800 100117	30Day(P)	£25,000	6.22%	Mly
Scarborough BS	Scarborough 94	0800 590578	90 Day	£25,000	6.75%B	Mly
Chelsea BS	Fixed Rate Bond	0800 272505	30.9.93	£10,000	8.65%F	Mly
TESSAs (Tax Free)						
Confederation Bank		0438 744500	5 Year	£8,800	8.00%F	Yly
Hinkley & Rugby BS		0455 251234	5 Year	£3,000A	7.35%	Yly
National Counties BS		0372 742211	5 Year	£3,000A	7.25%	Yly
Melton Mowbray BS		0664 63937	5 Year	£1	7.20%	Yly
HIGH INTEREST CHEQUE A/cs (Gross)						
Caledonian Bank	HICA	031 556 8235	Instant	£1	4.75%	Yly
UDT	Capital Plus	081 447 2438	Instant	£1,000	4.75%	Qly
Chelsea BS	Classic Postal	0800 717515	Instant	£2,500	6.00%	Yly
				£25,000	6.25%	Yly
OFFSHORE ACCOUNTS (Gross)						
Woolwich Guernsey Ltd	International	0481 715735	Instant	£500	5.75%	Yly
Confederation Bank (Jrsy)	Flexible Inv	0534 608060	90 Day	£25,000	6.80%	½Yly
Derbyshire (IOM) Ltd	90 Day Notice	0624 663432	90 Day	£50,000	7.05%	Yly
Confederation Bank (Jrsy)	Investment Cert	0534 608060	5 Year	£10,000	8.25%F	Yly
GUARANTEED INCOME BONDS (Net)						
General Portfolio		0279 462839	1 Year	£50,000	4.80%F	Yly
General Portfolio		0279 462839	2 Year	£20,000	5.80%F	Yly
Prosperity Life		0800 521546	3 Year	£5,000	7.05%F	Yly
General Portfolio		0279 462839	4 Year	£50,000	7.10%F	Yly
Prosperity Life		0800 521546	5 Year	£15,000	7.70%F	Yly
NATIONAL SAVINGS A/Cs & BONDS (Gross)						
	Investment A/C		1 Month	£20	5.25%G	Yly
	Income Bonds		3 Month	£2,000	6.50%H	Mly
	Capital Bonds H		5 Year	£100	7.25%F	OM
	First Option Bond		12 Month	£1,000	6.00%FI	Yly
	Pensioners GIB		5 Year	£500	7.00%F	Mly
NAT SAVINGS CERTIFICATES (Tax Free)						
	41st Issue		5 Year	£100	5.40%F	OM
	7th Index Linked		5 Year	£100	3.00%F +Infln	OM
	Childrens Bond F		5 Year	£25	7.35%F	OM

This table covers major banks and Building Societies only. All rates (except those under heading Guaranteed Income Bonds) are shown Gross. F = Fixed Rate (All other rates are variable) OM = Interest paid on maturity. N= Net Rate. P= By Post only. A = Feeder account also required. B= 7 day loss of interest on all withdrawals. G= 5.75 per cent on £500 and above; 6 per cent on £25,000 and above. H= 6.75 per cent on £25,000 and above. I= 6.40 per cent on £20,000 and above. Source: MONEYFACTS, The Monthly Guide to Investment and Mortgage Rates, Laundry Loke, North Walsham, Norfolk. NR28 0BD. Readers can obtain an introductory copy by phoning 0692 500677.

Tough line on Tessas

When tax-exempt special savings accounts (Tessas) were launched in January 1991, they were intended to be straightforward accounts which could be transferred from one building society or bank to another.

Tessas are now in their fourth year and the situation is changing. While rates generally have fallen in line with base rates, those of the societies have held up better than banks. Rates from many banks are now down to between 4 and 5 per eent while those offered by societles are between 8 and 7 per cent.

Maturity bonuses, which were introduced to encourage investors to stay with the same Institution, have not heen repeated in subsequent Tessa issues. And many of the top-paying accounts will not accept transfers of Tessas due to administration costs and a desire to keep the Tessas for their full five-year term.

Higher-paying Tessas also tend to require larger opening balances. They damand the maximum permitted investment each year and, sometimes, a feeder account.

Under this system, the investor must not only deposil an initial £3,000 into the Tessa in the first year but must also put a further sum into the feeder account, from which transfers are made into the Tessa each year. This is fine as long as the feeder account pays good rates to compensate for the loss of access to funds.

Confederation Bank'e Tessa, which is fixed al 8 per cent for the term, also pays 8 per cent fixed on the feeder account. But the Market Harborough society requiree £9,000 to be deposited up front; and while it pays a variable rate of 7.6 per cent on its Tessa, it offers only 6.25 per cent (variable) on its feeder. Even this is tiered, and drops to only 1.5 per cent when the balance fall below £2,400.

Christine Bayliss
Moneyfacts

Minding Your Own Business

Scrapyard with a taste for chips

Time for a byte: Bob Howes has started a business in computer scrap

Newsteam

Clive Fewins visits a recycling business with a difference in Birmingham

There are alarms on all the doors and windows of Bob Howes' 40ft high warehouse in the Aston district of Birmingham. But that did not stop thieves from breaking in through the roof of the 8,500 sq ft building and stealing £20,000 of precious metals.

"As the metals were uninsured and most had come from scrap printed-circuit boards I suppose you could say the chips are down," said Howes, whose "computer graveyard" is one of the biggest recycling operations of its kind in the UK.

At any time there are up to 150 scrap minisystems and small mainframe computers, plus a handful of personal computers, awaiting the attention of Howes and his three staff. Howes buys the scrapped computers and recycles the precious metals they contain, as well as some of the re-usable parts.

"You could call it a low-tech business. We simply use reversible drills, chisels and the good old hammer," said Howes, 47.

The company, Elkarbor, may be low-tech but it is a high-volume operation, with a turnover of £300,000. Last year, Howes and his wife, Pauline, who is co-director, turned in a profit of just under £40,000 – one of the better years for a business that can fluctuate wildly.

"Because it is a rather up-and-down business run on tight margins the bad patches, when they come, can be very bad," Howes said. "A big robbery was the last thing we wanted at a time like this. The last six months have been particularly poor. After the robbery in May I shall be surprised if we make a profit at all this year."

He felt that, in a recession, it was his experience that scrap metal companies were often among the last to be hit. "When companies are closing down all around you there is money to be made by going round metal auctions," he said. "But now there are not so many companies around – and those that are still in existence are carrying less stock and making sure they have less surplus to get rid of.

"Early on in the present recession, when I realised that the flow of precious metal scrap was diminishing, I started going to auctions to buy in more common metals for recycling. This helped cushion the immediate effects of the recession." "But," he adds, "now there are fewer auctions."

Howes' warehouse rings with the sound of a minicomputer cabinet being knocked away from its contents. While the cabinet is treated as normal scrap the electronic components are removed carefully. Items such as drives and transformers are put aside for the specialist disposal merchants who visit to view and buy. Computer backplates, with their gold-plated areas, and chips, often coated in precious metals, are kept separately.

"This bit is what I call the recovery service," said Howes. "Some of these materials are worth £70-£90 a kilo. It takes a lot of experience to estimate the gold content of scrap, but we usually have a good idea.

"Quite often we have an assay done on a sample of the material so the person we are buying from knows the precise value of the gold in the scrap computer. In this business you soon learn that all that glisters is not gold.

"In most mini-systems and mainframe machines there is also usually silver, paladium, and trace metals such as nickel, lead, tin, and copper from the solder. They are all worth recycling. Tantalum can also be found in the capacitors.

"Generally we process surface-plated gold, and the rest of the material is sent off-site to be granulated." This means it is chopped into small pieces and heated to form a low- grade bullion bar. This might then be reprocessed, or the gold removed and refined.

As well as recycling computers Elkarbor dismantles telephone exchanges, usually for companies updating equipment.

Elkarbor is often contacted by a local broker or scrap metal merchant – unless it hears about a job over the grapevine, "which frequently happens", says Howes.

"Precious metal recycling is a complicated field, in which you need a lot of experience and a good knowledge of the trade. I often feel I am not really geared to this business as I started life doing something else – as a metallurgist working in steel rollmaking factories here and in Sheffield.

"Sometimes I feel I am too honest and not suited to it simply because I am happy just making a living, and not going all-out for a big profit."

Howes described some of the problems he encountered in 1986: "I was four years into the business, having started up from home in 1982. In some instances I was putting up to £10,000 up front, only to find the material I bought-in was worth less than I had anticipated. In three instances the job was recovering copper and other precious metals from cable. As the value of the metals was lower than had been indicated we rolled the jobs over, in effect granting credit to three companies to the value of £7,000 to £10,000 each. All three companies went bump within a few months of each other."

Howes survived. And he learned a few lessons. Nowadays he puts up only 70 per cent of what customers expect.

Howes says: "However careful you are this is a business that survives on trust. Customers trust me to take away their materials and weigh them honestly when it comes to calculating the value of the metals to be recovered. I respect this."

To ensure that the new trading year is better than the current one, Howes has two schemes in mind. The first is putting far greater emphasis on chip recovery and the second is expanding into Europe.

"We can now separate chips by their number, their manufacturer and their speed, and we can do this fast enough to make it profitable," says Howes.

"We have built up a small network of customers who will ring us up for anything from 50 to several thousand of a particular kind of chip. We charge anything from 20p upwards for a chip and the more we can segregate and identify particular makes and types of chip the better price we can get for them. This is a growth area at present, so we might expand this process ourselves, or we might merge with people I know in the trade. It depends."

Howes has already organised brokers to bring scrap machines to him from all over the UK and Elkarbor has carried out three successful jobs in Europe. "We have made money out of these jobs and everybody seems happy," he said.

■ *Elkarbor Ltd, Ashford Street, Newtown, Birmingham, B6 4RE. Tel: 021-359 1908*

As They Say in Europe/ **James Morgan**

Passion that eludes the US

Last weekend *La Gazzetta Sportiva* said: "*E non si può neppure imprecare alla sfortuna*" (one cannot even blame misfortune). This observation on the defeat at the hands, or feet, of Ireland in the World Cup, could have been taken from a barely-known opera by Puccini which I have unearthed – *Il Fanciullo del Ouest* (The Boy of the Golden West).

The hero, Chicherino, sings this sad aria, *E non si può*, having been forced to emigrate and take up American football after scoring a last-minute own goal in a European cup match against Lammermoor United. He was also rejected by his beloved Calcia. She sings *L'Italia sprofonda nel grigiore* (Italy plunged in gloom – quoted on page 3 of *Sportiva*) when he scores an historic touchdown in the Superbowl a year later.

But not all Italy was plunged in gloom at the defeat. For the opponents of Silvio Berlusconi, the country's new leader, there was covert rejoicing. Berlusconi owns AC Milan and their players constitute the largest element in the Italian team. *La Repubblica* headlined the surprise defeat: "Italy, in the shape of Milan, beaten."

So, Ireland, in the shape of England, won; nine of the team were born in places such as Ealing, a London suburb.

There was one other country which enjoyed a startling victory last weekend – Romania. That again was an odd case of foreigners, at least a sort of foreigner, playing a crucial role. In the match against Colombia, which brought tears of admiration, there was a wondrous goal by Gheorghe Hagi. The commentators spent much of the rest of the game arguing as to whether he could have meant it. (He did because he had done it before.)

Hagi turns out to be an Aromanian, a small group from Macedonia which speaks an odd form of Romanian. He is a man of few words in that language, just saying: "Keep your fingers crossed," to the mass circulation *Evenimentul Zilei* in its attempt to extract an interview.

Romania's other goals were scored by Florin Raduciolu, who was positively prolix by comparison, observing that the 3-1 victory was compensation for having kept his compatriots up all night. The Bucharest fiesta began at around four in the morning local time, the first occasion for national rejoicing since Mr and Mrs Ceausescu were shot on Christmas Day, 1989.

Evenimentul carried an even more unusual World Cup story. In the middle of the small knot of Romanian supporters at the Pasadena Rose Bowl was an emotional Dutch woman waving their national flag. Asked what she was doing there, she replied: "I am Astrid, wife of Raduciolu," which sounds suspiciously like something stolen from a Dutch-Romanian phrase book. The star striker had, it emerged, secretly married her three days before.

There has been Europe-wide speculation as to whether the host nation will become interested in what the rest of the world calls football. The consensus is that it will not – and that is no bad thing.

No one liked the opening ceremony. *La Stampa* was the most favourable, saying it was "simple, fast and cheap". Another Italian paper, *Tuttosport*, said the only good thing was that it was short, while *Sport* in Spain said the contest opened with a "grey, grim and short celebration".

A French paper, *La Nouvelle République du Centre-Ouest*, pondered how a country that had exported its culture to the rest of the world, and was largely made up of European immigrants, had remained closed to football. "America loves violent sports and high scores. It hates drawn games. It prefers by far the organised progression towards the opposing goal to a subtle combination made up of fantasy and improvisation... Perhaps passions are not as universal as one would like to think."

Soccer could become a mass sport in the US if the game abandoned the offside rule, doubled the size of the goal, stopped every five minutes for bogus reasons and employed teams made up of genetic curiosities. It would not be soccer but it would appeal to TV networks and advertisers. For they will never accept the game of football as it is known to the rest of the world.

■ *[illegible] is economics correspondent of the BBC World Service.*

MINDING YOUR OWN BUSINESS

READERS ARE RECOMMENDED TO SEEK APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS

LEGAL NOTICES

No. 003083 of 1994
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
BETWEEN:-
IN THE MATTER OF HEMINGWAY COMMERCIAL LIMITED
- and -
IN THE MATTER OF THE COMPANIES ACT 1985
NOTICE

NOTICE IS HEREBY GIVEN that a Petition was on the 17th day of May 1994 presented to Her Majesty's High Court of Justice for the confirmation of the reduction of the share capital of the above-named Company from £3,483,106 to £100.

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before Mr Registrar Rawson at the Royal Courts of Justice, Strand, London WC2A 2LL on Wednesday, 6th July 1994.

ANY CREDITOR or shareholder of the said Company desiring to oppose the making of an order for the confirmation of the said reduction of share capital should appear at the time of the hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any such person requiring the same by the undermentioned solicitors on payment of the regulated charge for the same.

Dated this 25th day of June 1994

ASHURST MORRIS CRISP
Broadwalk House
5 Appold Street
London EC2A 2HA
Reference: SAW
Solicitors for the said Company

No. 003085 of 1994
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
BETWEEN:-
IN THE MATTER OF HEMINGWAY PROPERTIES PLC
-and-
IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on the 17th day of May 1994 presented to Her Majesty's High Court of Justice for the confirmation of the reduction of the share capital of the above-named Company from £37,157,421.95 to £33,680,963.90.

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before Mr Registrar Rawson at the Royal Courts of Justice, Strand, London WC2A 2LL on Wednesday, 6th July 1994.

ANY CREDITOR or shareholder of the said Company desiring to oppose the making of an order for the confirmation of the said reduction of share capital should appear at the time of the hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any such person requiring the same by the undermentioned solicitors on payment of the regulated charge for the same.

Dated this 25th day of June 1994

ASHURST MORRIS CRISP
Broadwalk House
5 Appold Street
London EC2A 2HA
Reference: SAW
Solicitors for the said Company

No.003337 of 1994
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
IN THE MATTER OF NBK INVESTMENT MANAGEMENT LIMITED
-and-
IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on the 25th May 1994 presented to Her Majesty's High Court of Justice, for the confirmation of the reduction of the capital of the above-named company from £5,000,000 to £1,950,000.

AND NOTICE IS hereby given that the said Petition is directed to be heard before Mr Registrar Buckley at the Royal Courts of Justice, Strand, London WC2 2LL on Wednesday the 6th day of July 1994.

Any Creditor or Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said reduction of capital should appear at the time of hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any person requiring the same by the undermentioned Solicitors on payment of the regulated charge for the same.

Dated the 21st day of June 1994.

Slaughter and May
35, Basinghall Street,
London EC2V 5DB
Ref: RLH
Solicitors for the said Company

NO. 003082 OF 1994
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
BETWEEN:-
IN THE MATTER OF HEMINGWAY HOLDINGS LIMITED
AND
IN THE MATTER OF THE COMPANIES ACT 1985
NOTICE

NOTICE IS HEREBY GIVEN that a Petition was on the 17th day of May 1994 presented to Her Majesty's High Court of Justice for the confirmation of the reduction of the share capital of the above-named Company from £3,052,028 to £1,000

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before Mr Registrar Rawson at the Royal Courts of Justice, Strand, London WC2A 2LL on Wednesday, 6th July 1994,

ANY CREDITOR or shareholder of the said Company desiring to oppose the making of an order for the confirmation of the said reduction of share capital should appear at the time of the hearing in person or by Counsel for that purpose. A copy of the said petition will be furnished to any such person requiring the same by the undermentioned solicitors on payment of the regulated charge for the same.

Dated this 25th day of June 1994

ASHURST MORRIS CRISP
Broadwalk House
5 Appold Street
London EC2A 2HA
Reference: SAW
Solicitors for the said Company.

FASHION

To hell with dressing your age

Do you not find propriety awfully *middle-aged?* How often do you hear the "woman of a certain age" asking: "Is this all right. I don't look like mutton dressed as lamb, do I?"

Indisputably, there is a middla period in one's life when to look too trendy or too drop-dead sexy invites derision – the singer Cher immediately comes to mind.

But there is an absolutely certain age, by which I mean 70-plus, when a woman can wear any for-the-hell-of-it garments she likes and get away with it. It is the privilege of age, like being able to say exactly what you think or be a "character" and, as long as she carries it off with conviction and aplomb, we all applaud madly.

I was reminded of this liberation a few months ago when I attended a party thrown by publisher Naim Attallah to celebrate the publication of Pamela Cooper's autobiography *A Cloud of Forgetting*. Pamela Cooper is 88 and as sassy and irreverent as you will find.

Like Miriam Rothschild's mad head scarves, Diana Cooper's whoopsy-droopsy garden hats, or Violet Bonham-Carter's Fortuny Delphos dresses, her personal style has nothing to do with conformity.

On this occasion, most of us standing in the drawing-room of her son, Lord Gowrie, were decorously upholstered in velvet, as stiffly posed as if still wearing coat hangers.

Pamela Cooper was dressed in a pomegranate-coloured, viscose-knit tunic top and bell-bottom trousers, bought, her grandchild explained to me, that morning from a hip teenage chainstore for "really nothing!"

It looked madly nonveau-Biba, teamed with Jesus *sandals* and a modernistic 1960s necklace which looked like a fitting from Star Trek's Starship Enterprise.

This octogenarian was hy far the most flamboyant figure in tha room.

Even her demeanour spoke of the Roaring Twenties or Swinging London, for she adopted that inimitable "backbones are out" pose.

In har hey-day, in the 1920s, world weariness was madly fashionable and wonderful for shocking dowagers.

These days Pamela Cooper has moved on. While the pose and the attire may speak of ennui, the mind is as keen and amused as any girl recently up in town from the shires. She is lapping up the world.

There is nothing weary about her *approach to life*. And that is why, wearing that gear, behaving in that manner, she makes those of us in between loog to be either 20 or 70.

It is the middle groond, in Major's middle England, populated with the endlessly middle-aged, in middle class propriety that makes me *feel dispirited*.

Show me a trucker or a toff in wildly unsuitable clothing and I will show you a good party.

Jane Mulvagh

Why baggy shorts are down and out

***John Morgan** urges Englishmen to use more imagination when packing their holiday clothes*

It is always easy to spot *the Englishman on holi*day. He is tha burnt one, whose clothes – an untantalising mixture of sagging swimwear and ill-chosen separates – set him apart so dismally from most other nationalities.

Many men who dress appropriately for the office and attractively at weekends, often abandon any vestige of sartorial *savoir faire* at passport control. This is an unnecessary shame: a holiday wardrobe, like any other, requires only a little imaginative application and a modicum of self-knowledge.

The first rule of holiday dressing (assuming a reasonably sophisticated destination that offers the usual mix of beach life, sight-seeing and night life) is to remember that the same body you live with *throughout the year comes on* boliday too and, thus, clothes that do not suit your shape at *home* will look aven worse abroad.

This may seem obvious, but I am constantly amazed by how many Englishmen dress like clowns when on holiday. The right clothes make economic as well as practical sense, as they will integrate happily into your general summer wardrobe when you return home.

The second principle is to go easy on colour. The English complexion may look peerless when celebrated by Lely or Gainsborough, but does not stand up weli to the harsh glare of the southern sun.

Unclothed, I, like many of my compatriots, bear a striking, and seriously unappetising, resemblance to *saumon en croute* before it goes in the oven. Leave bright colours to others and, instead, look at soft cream, stone, ecru and white, *with a few earth tones* – such as terracotta and indigo for the more adventurous.

A restricted colour palette will also help with the third prerequisite of the holiday wardrobe – interchangeability. So will sticking to clothes in plain rather than patterned fabrics. No one wants to travel with masses of luggage, yet most people pack far more than they need. Everything described here is designed to work together in different combinations, depending on weather conditions and dress codes.

*So we come to the compo*nents. The first necessity is a good lightweight jacket. It is both practical and versatile *and its pockets mean you need* not wear a money belt which, although undeniably useful, is *grisly to look at*.

The jacket should be mada of linen, which is the coolest and most breathabla of cloths. Man-made fibres, no matter how advanced, should be left at home. Some of the nicest jackets comes from Dries van Noten at Joseph. Made from white linen, they are unstructured and cut fashionably long.

When it comes to shorts, length is crucial. Too long and you will look like a superannuated boy scout

Alternatively, plump for a more robust white cotton drill blazer bristling with antique brass buttons from Voyage, an *excellent shop in London's Ful*ham Road selling clothes ideal for travelling.

You also need to pack a cou*ple of pairs of trousers*. These could be the lightweight linens, matching the Dries van *Noten jacket, a pair of more* substantial cotton chinos from The Gap, in khaki, stone and salt, or, more fashionably, a pair of draw string, pyjama-style pants from Voyage. These would look much more up-to-the-minute than jeans and are also more comfortable in hot climates.

When it comes to the vexed question of shorts, length is crucial. Too long and you will look like a superannuated boy scout; too short and you appear undressed. Opt for a beautifully-cut, mid-length pair in stone-coloured linen by Margaret Howell. They are flattering and versatile. Passable cheaper versions can be found at Thomas Burberry, Marks *and Spencer and The Gap.*

Margaret Howell also scores well with her understated, relaxed shirts in cotton or linen. These are cut generously, are cool to wear and can be teamed with trousers, shorts and worn as a cover-up on the beach. Also include a selection of classic polo shirts in Sea Island cotton from John Smedley and plenty of white cotton T-shirts by the American manufacturer, Hanes. Should you need clothing for a black tie occasion, an exquisitely-made, knife-pleated evening shirt from Budd, in the coolest cotton voile, is the most elegant thing you can wear.

A summer suit is also recommended. Ivory linen is always the most glamorous choice. It can be worn on any occasion when you have *to* dress up a little and its components can be worn *separately* with other items in your holiday wardrobe. Also, with the addition of the Budd evening shirt, a corded silk black bow tie and a pair of patent pumps, it will convert into an acceptable tropical dinner jacket.

Designer Paul Smith has a three-button, single-breasted version that manages, in true Smith fashion, to look botb classic and contemporary. More conventional tastes could invest in his khaki cotton version or an even more traditional model in olive, buff or *navy from Hackett*, although neither of these could be transformed into black tie.

When it comes to beachwear, I am rather tired of seeing Englishmen lolloping about in baggy shorts. I feel that surfing jams look best on those for wbom they were originally intended. Opt instead for a pair of well-designed classic swimming trunks.

Speedo have good styles including a model made in a special sleek lightweight fabric developed for professional swimmers. Look out, too, for designs by the *Los Angeles* Sporting Club at branches of Sports Locker. Black or darkest navy blue, remain the smartest colour cboice. Remember, white is for exhibitionists only as it becomes transparent when wet.

The beach look is completed with a cotton singlet available in a selection of muted hues from Voyage. This year's most trendy boliday garment is a Kikoi from Kenya, which works as a wrap, towel, mat and, for some men, tropical night wear.

When cboosing footwear, espadrilles are *de rigueur*. Both Ralph Lauren and Dries van Noten have attractive designer versions, but you are probably best buying them on location.

You should also include a couple of pairs of Superga Originali plimsolls, in navy, white or ecru, a washable deck shoe by Dexter, a pair of the lightest canvas desert boots from Fratelli Rossetti and a pair of formal light-brown lace-up shoes. I am particularly impressed with John Lobb Oxfords at Kurt Geiger, which are elegant and light. If you want to wear sandals, Paul Smith bas a handsome classic design in brown or black leather.

A cotton sweater is a must for cool evenings – and there is little to beat Marion Foale's classic, understated and beautifully-made knitwear. Tbe look would be completed by a fold-up, wide-brimmed, panama from Herbert Johnson, a couple of silk ties from Turnbull & Asser and sunglasses from the Paul Smith range. With these purchases you will have a holiday wardrobe that, although classic in inspiration, will be modern, practical and stylish. *Bon voyage.*

■ *John Morgan is associate editor of GQ Magazine.*

OUT TO LUNCH: Linen jacket, £295; waistcoat, £110; and trousers, £120, all by Paul Smith, 40-44 Floral Street, London WC2 and 10 Byard Lane, Nottingham. Linen shirt, £85 by Budd, 1-3A Piccadilly Arcade, London SW1. Silk tie, £40 by Turnbull & Asser, 71-73 Jermyn Street, London SW1.

ON THE BEACH (above): cotton singlet, £16, from a selection at Voyage, 115 Fulham Road, London SW3. Cotton T-shirt, £9.90 by Hanes from Sports Locker, 17 Floral Street, London WC2 and 53 Pembridge Road, London W11. Kikoi, £22.50, from The General Trading Company, 144 Sloane Street, London SW1 and 10 Argyle Street, Pulteney Bridge, Bath. Espadrilles, £70 by Dries van Noten from Joseph, 77 Fulham Road, London SW3. Swimming trunks, £22.90 by Speedo from Sports Locker.

OFF TO SEE THE SIGHTS (right): linen jacket, £365, by Dries van Noten from Joseph. Cotton singlet, £16 from a selection at Voyage. Linen shirt, £135 and linen shorts, £98, both by Margaret Howell, 29 Beauchamp Place, London SW1 and 24 Brook Street, London W1. T-shirt, £9.99 by Hanes from Sports Locker. Roll-up panama, £99 by herbert Johnson, 30 New Bond Street, London W1. Desert boots, £105 by Fratelli Rossetti, 177 New Bond Street, London W1.

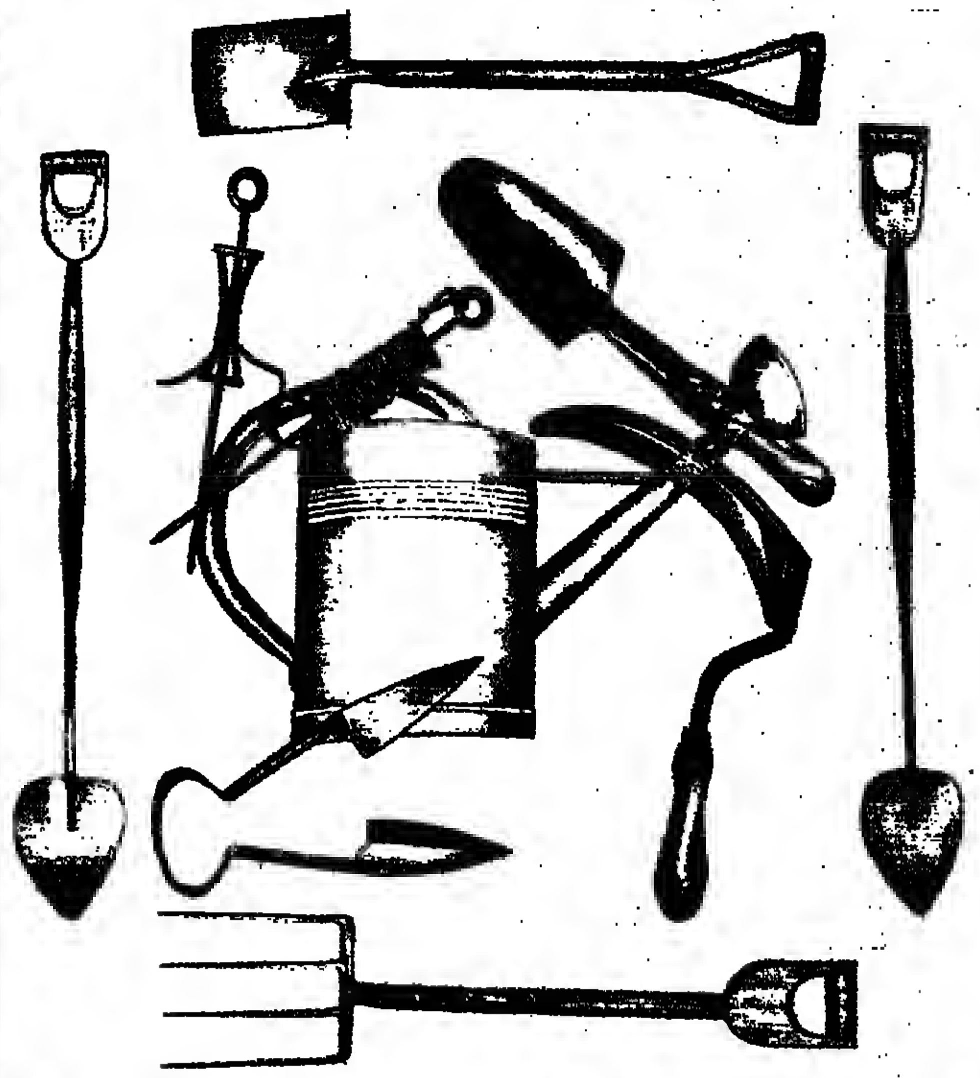
ILLUSTRATIONS: CHRISTOPHER BROWN

HOW TO SPEND IT

Garden furniture that grows on you

Lucia van der Post on where to look for outdoor accessories that will keep you at the forefront of fashion

The Court Seat by Gaze Burvill: elegant, under-stated and comfortable with curves, angles and wide seat slats



Old implements: infinitely sturdier and more handsome than their modern equivalents

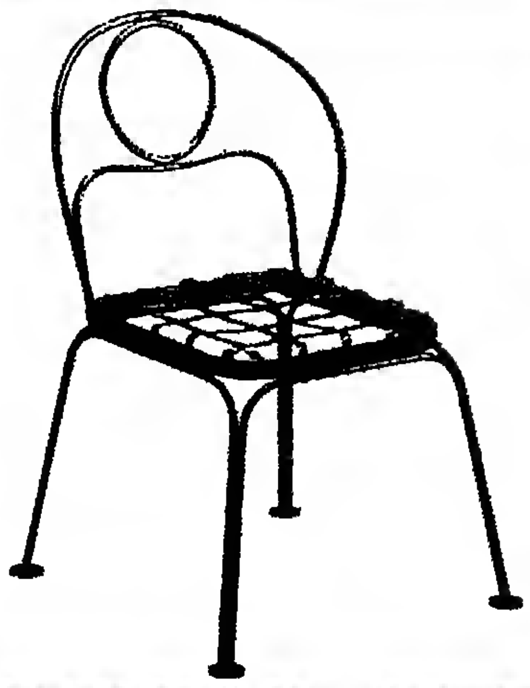
Fashions in furnishing the garden are fortunately not subject to quite the same hectic time-scales as fashions in frocks. This is not to say that the horticultural set does not have its serious snobbisms or that the likelihood of committing soma hideous faux-pas is not just as great but at least the trends have a long enough cycle for everyone to have a chance of catching up with them.

For some time, tastes in garden furniture have tended towards the simple, the muted, the sturdy, the indubitably English. Bright continental parasols, plastic – shaped to look like wrought-iron – and florally decorated swing-seats can still be tracked down (if you must) but are deeply out of favour.

Classic designs on the lines of Lutyens are the chief inspirational sources for garden furniture designers today and one can see why – in the muted grey of a typical English summer day they fulfil the practical function, add an air of calm tranquillity to the scene and never, ever jar.

When it comes to the conservatory, then a touch of Eastern rattan could fit the bill – decorativa enough to conjure up visions of Raffles and tropical verdancy and sturdy enough to serve the practical purpose.

For those with gardens or patios still in need of a little furnishing here are a few designs currently on offer.



Metal chair by Boundary Metal: heavy enough to be awkward to steal

Rattan furniture from The Pier: sofa, chair and coffee table

Pebble-pattern paving

■ WOODEN FURNITURE

Simple but finely-made oak garden furniture is offered by Gaze Burvill, a small company. Every piece is designed to be in tune with the more muted, subtle approach that seems to suit the English garden.

Only English oak, one of Britian's most durable woods, is used, with the timber coming from carefully managed estates. Though some tools and machinery are, of course, used (in particular for steam-bending the wood which gives the comfortable, curving corners) each piece is essentially made and finished by hand.

Photographed above is the Court Seat – elegant, understated and durable – with comfortable curves, angles and wide seat slats. It comes in two, three or four-seat versions and price ranges from £885 to £1,075.

Gaze Burvill will be showing its products at the Hampton Court Palace Gardan exhibition, which runs from July 6-10. The workshop at Plain Farm Old Dairy, East Tisted, Hampshire, GU34 3RT, can also be visited by appointment (tel: 0420-587467) and a selection of colour photographs and a price list for all pieces is available from the address above.

■ OLD ACCESSORIES

Sir Alastair McAlpine showed us, when he disposed of a lifetime's collectables, that it was quite amazing what people would pay for a couple of battered flower-pots or some rusty spades if you could call them "old" or "antique". And in some cases, the epithets can actually stand for better quality as well.

Take spades. Those who know about such things tell me confidently that good-quality Victorian or Edwardian spades are far sturdier and more handsome than any of their modern equivalents.

The Chelsea Gardener of 125 Sydney Streat, London SW3 has given over a corner of the building to Marmaduke, a concession which supplies a constantly changing selection of old implements.

Handsome, sturdy spades and hoes range between £34.95 and £50, trowels start at £11.95, watering-cans at £34.95, a reel and line for marking out straight lines when planting seeds is £34.95 (pictured, top right). The best brand-names to look out for, the ones with the longest tradition, are – Brades, Skelton, Griffin Brand, Spear and Jackson "Naverbend", and Elwell.

Pagoda by Boundary Metal

A few old garden accessories, such as wheelbarrows, have been purloined by the interior decorating and design set and their prices have risen accordingly. At Marmaduke it is hard to find one at much less than £300.

■ METAL FURNITURE

For those who like to leave their garden furniture outside all year round, Boundary Metal makes the furniture that meets the brief. It is rustproof and heavy enough to be difficult to steal (a very important point this: in our part of London there seem to be gangs of thieves who specialise in garden accoutrements).

In the standard range there are several benches, chairs (such as the one photographed here, £171) and tables, but the company is small and friendly enough to enjoy handling special orders. Recently they have created a series of pagodas (such as the one photographed here – prices start at £700), as well as decorative structures encircling trees.

All the furniture is sold from its Newbury offices (Boundary Metal, Boundary Road, Newbury, Berkshire RG14 5RT) and there is a small to selection to view there. Otherwise there is a leaflet avallahle (tel: 0635-42255) and furniture will be dispatched by carrier.

■ RATTAN FURNITURE

Strictly speaking, Rattan is not the ideal material for garden furniture as it is neither weatherproof nor easy to move around. But it looks more romantic and is more comfortable (when propped with cushions) than metal or wood. The Pier has one of the higgest selections around.

Alison Richards, The Pier's founder and managing director, believes that the market for rattan is expanding, with many people using it not just for the conservatory hut for country cottage living rooms, bedrooms and dining rooms.

For the eco-conscious it is worth knowing that rattan is, (so The Pier's excellent information sheet on rattan tells me) a renewable plant which can be collected and used without destroying either the vine or the trees themselves. Most rattan furniture comes from the areas where it grows most freely – Southern China, Indonesia, Malaysia, Thailand and The Philippines.

Photographed here are a sofa (£149), chair (£75) and coffee table (£65). For those who prefer their rattan to look rather more decorative there is the curvier (and more expensive) Raffles Collection and the yet more decorative Savannah.

The Pier has 10 shops around the UK but none further north than Birmingham, so it offers delivery by post. (Tal: 0235-821088 for details and brochure.)

Global Village sells a particularly refined and decorative collection of rattan, much of it with an antiqued finish. In particular there is a wonderful colonial high-back chair which two years ago it was selling at £250 a time and today it is offering at £195 (either in forest green or biscuity antiqued finish). Global Village has six shops in all. Tel: 0935-823390 for details and brochure.

■ PEBBLES

If you have more a pocket handkerchief than an estate, design matters more than ever – and in particular, the relationship between paving stones and grass and plants. Blot Kerr-Wilson has started applying her decorative skills to gardens. In collaboration with an artist, Tim Coppard, she uses small pebbles to create patterned surfaces on the ground.

Each job is different and is done to commission, so prices vary enormously. In addition, materials used can vary from the white marble and beach pebbles used in this commission (pictured), to glass, stone, brick, slate or other materials.

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PERSPECTIVES

Lunch with the FT

What would Mrs Goggins say?

***Lucy Kellaway** is put through the Postman Pat test*

I am half-way through lunch *with Howard Davies, director* general of the Confedaration of British Industry, and we are discussing Postman Pat.

That very morning the newspapers had been full of Davies. He hed been quoted making accommodating noises about the Labour party, and had written an article chastising Stephen Dorrell, financial secretary to the Treasury, for his naive views on dividends.

But now he is sitting in Andrew Edmunds, a rustic restaurant in Soho, central London, challenging me to name six inhahitants of Greendale, a fictional village from e children's storybook ... "Postman Pat, *Mrs Goggins*, Ted Glen, Jess, Peter Fngg ..." I am starting to struggle, and he helps me out: "Reverend ..." he prompts. "Timms," I supply the correct answer with considerable relief.

I have just failed to name the Famous Five, failed to name any Swallows or Amazons and failed to supply the name of Jennings' best friend. Davies is looking surprised, disapproving even.

We have reached Greendale by a circuitous route. I have told him how thankful I am to be meeting him on my terms rather than on his. I was referring to his famous Christmas parties to which he invites a large group of like-minded, over-achieving fortysomethings for a highly-competitive quiz. I had heard tales of senior Treasury officials being humiliated by being unable to name the ERM bands.

"It's amazing what some people don't know," he says coolly. He proceeds *to tell me about an even more* hair-raising event that he is in the *process of arranging for his seven* and nine-year-old sons. The children will answer questions about children's books (doubtless doing better than I did), sing songs in foreign languages and undergo tests of physical strength.

Howard Davies evidently excels at this sort of thing. During lunch *he shows himself* to be *an* expert not merely on the relative pay levels nf British bosses, hut nn Zimbabwean wine (he is shortly off for what he calls a "love-in" with Robert Mugabe, the country's president), on the structure of tendons in the leg, and the latest in soccer computer games. He reveals that he is fluent in French and Spanish, and is (or at any rate was) a first-rate sportsman.

But that is to skip ahead. I had invited Howard Davies to lunch early this spring. I got a prompt reply from his secretary accepting, but saying that he did not have a free lunch slot until mid-June. *Nearer the time, she called again to* name Andrew Edmunds as his *chosen restaurant. It was a predictably* unpredictable choice, full of film people, with the odd sprinkling of alternative business types.

To prove he fits the latter category Howard Davies arrives on his bicycle, and is already installed when I arrive by taxi a minnte or two late. He orders a bottle of mineral *water*. "I *have two non-drinking* months a year just to prove it can be done," he explains. "It makes you lose weight without having to concentrate on it." I note that he is not exactly a fatty, but he replies it makes him "look better on the beach".

He glances at the menu, and *makes* a *healthy* choice. *"I'll have* the salmon *sashimi* and then the crah cakes, for a change," he says. A change from what? I wonder.

Was he really busy every day since I invited him? He describes the endless succession nf people who invite him to lunch to lobby him about this or that and his efforts to avoid a time-wasting meal. In addition there is the endless round of associations and federations, each with their annual lunch or dinner.

"The difficult thing is to think of something new to say."

I ask whether he really needs to say something interesting every time, surely no one would notice if he coasted occasionally? He disagrees: "You'd quite quickly acquire a raputation of being boring."

I get the impression that in Davies's book, boring is a serious allegation. Everything about him *declares that he will not be con*sidered that. Unsuccessful might *rank nearly as low.*

Howard Davies: an expert not merely on the relative pay levels of British bosses, but on Zimbabwean wine

Ashley Ashwood

"I tend to do single-mindedly what I am doing at the time," he says as we start to discuss his career. "At Oxford I did Oxford. I did a certain amount of work. I acted in OUDS, edited a newspaper and played games." He recalls how he applied to the BBC after Oxford, but was turned down without even an interview – it seems to rankle even now. His friend Peter Stothard, now editor of The Times, made the grade, but Davies points out that he did better still by landing a joh in the Foreign Office. "I did what grammar school boys did and asked what is the most difficult thing to do? At that time the foreign office was."

In any case he reflects that journalism is a young person's profession. At just 43, surely he still counts as young? "No, not since I did the Gazza injury to my knee last year. Gazza was a fit young boy of *24 and he's come back. But the sur*geon said to me: we don't think it's *worth repairing these* if *you* are over 40." Then follows the description of tendons and cartilage in the knee, which I only half understand.

Yet Davies does not think of himself as old either, and says that will not happen until Mick Jagger stops singing, and thera is no longer talk of the next Rolling Stones tour. *Here he has hit* on our first shared interest. We discuss great Stones' concerts, and I boast that I last saw them in Cologne in 1990. He replies that he saw them in an even more unlikely place in Paris.

Whatever age Howard Davies considera himself, he certainly looks older than his years. I ask – as politely as it is possible to ask such a question – whether he thinks his senior appearance has helped give him, especially earlier on, extra gravitas.

He looks neither surprised nor offended. He replies that both he and John Birt, director-general of *the BBC (another chum), may have* been helped by going grey or bald early. However, he insists that he does not look "older in a total way. It's only hair in my case. I'm relatively fit for someone of my age".

The conversation is getting sticky, and the waitress rescues the situation by asking if we would like a pudding. I order a tiramisu, and he an equally wicked hot almond *cake covered in cream. I declare the* meal so far to have been "absolutely delicious". He agrees that it has been "quite good".

Does he care about food, I ask. He turns out to be a keen cook, and says he is much better than his wife (Pru Keely, producer of the BBC programme *Question Time)* at preparing an impromptu meal for guests. Apparently he can knock up a nice Italian pasta or risotto, a stir fry or something Indian in just 20 minutes using whatever is in the fridge. His wife is a better bet for guests who have been invited long in advance. "She follows recipes that say: 'Take a lobster, boil with four onions, discard lobster, reduce to one teaspoon, pour over a scallop, discard scallop'."

Apropos of nothing in particular, he then starts telling me about e computer football game that his children have. I have already said that a) I have no interest in football, and b) I do not know anything about computers. *Nevertheless,* he *gives a 10-minute soliloquy* on the workings of this game, the noises it makes when the ball hits the goal post, the information it conveys about players of European teams, and much else besides.

I suggest that it is not only his sons who are wild about this game. He half laughs, but certainly does not admit to having wasted hours bent over the screen himself.

I ask for the bill, which turns out to be less than £40 including service. I pay, and walk him to his bike. "That was too cheap for the Financial Times," he says. "Perhaps we should have lunch all over again."

Celebrating rites of passage

*Americans know how to negotiate life's stepping stones, says **Jurek Martin***

My daughter, Caroline, graduated from Harvard recently and there was much celebration – deservedly for her; more selfishly for the parent freed of forking out £25,000-plus a year.

The warm glow of the three happy days of rejoicing at "the other Cambridge" still lingers, but with it a serious thought: that whatever else they may do right or wrong, Americans understand the importance of commemorating rites of passage – and there are few more serious than obtaining a university degree. More than that, marking the occasion properly is a long-term investment in the future, for university and graduate alike.

Dim 30-year old recollections of Oxford are of a quick shuffle in a cap and gown, rented by the hour, along with a handful of others who bothered to pick up their degrees in person, the odd hnttle or fizz huddled under an umbrella, and back to the grindstone. Younger friends report it has not changed much since.

Harvard, America's oldest university, has been doing it properly for 343 years and so, for not as long, have most other groves of US academe, where to graduate from college (and high school and kindergarten and typing school, come to that) is regarded as worthy of proper commemoration not only by those receiving degrees but all who have helped them – parents, friends, lovers, teachers, even bank managers.

'Marking graduation properly is a long-term investment in the future – for university and graduate alike'

Cynics say America overdoes this sort of thing, giving awards and recognitions to those who do not really deserve them. Even now a controversy rages in higher education over whether what is known as "grade inflation" make degrees themselves worth the paper they are written on.

But, as US vice-president Al Gore kept repeating (in a different context) on Harvard's glorious Commencement Day: "The cynics are wrong." There ought to be nothing cynical, as the university's bachelor's degree citation puts it, about "passing into the company of educated people", nor about the sense of occasinn and its own history that Harvard puts on display every year.

My daughter's graduation was no exception. Of course, it helped that the weather was magical but local lore has it that it never rains on Harvard's graduation and, if it does, it is only scotch mist, which no one notices.

Certainly a crowd that must have numbered 25,000, nnly about a third of them getting first and higher degrees, could scarce forbear to cheer at every opportunity (with the business school graduates cheerfully and greedily waving dollar bills).

The featured guest speakers were Al Gore (class of '69) and *recipient of an honorary* degree this year, and Lani Guinier. In truth, the vice-president was not at his best in a speech that wandered mnre than a little from its central text – that cynicism is the enemy of democracy.

But his now well-rehearsed line in self-deprecation ("I'm a living example to the millions nf Americans suffering from Dutch elm disease") got appreciative laughs.

But Guinier was nothing if not challenging. She is the black law professor nominated last year to run the justice department's civil rights division but ditched by President Clinton after she had come under fire from the far right for allegedly advocating weighted voting according to race.

Her message – that the problem of violence in inner cities is but a mirror image of the fault *lines* in *established* society – got a few of the parents grumbling, hut was delivered with a force and a logic designed to dispel complacency in the younger generation present.

Best of all were the student speakers, chosen hy the faculty and then given additional training by a drama coach. One gave the traditional Latin oration, replete with references to the Simpsons and Whitewater. Another wondered if the manic pursuit of goals left room for a real life. A third *urged* the *law school graduates* to take up cases *pro bono* (for free). A few were sentimental, but not weepy, and all were as pleased as punch to have a role in the ritual.

Nine honorary degrees were awarded, the selection again showing the catholicism that Harvard prizes but which British universities, too often consumed with petty politics and ideology, sometimes fail to match – as witnessed yet again by the carping surrounding Clinton's doctorate of laws from Oxford.

As well as Gore, they *included Sadako Ogata, UN* High Commissioner for Refugees; Benny Carter, the black jazz musician; an ancient Harvard classics professor; and even the president of Yale, grinning as the mention of his university was greeted with universal hisses.

Commencement Day is also a great occasion for alumni, marching around Harvard Yard according to their year, the very oldest in wheelchairs, their fund-raising activities for the university recorded publicly.

And wa are talking serious money: in less than a month since its launch, the new Harvard campaign to raise \$2bn had generated over \$670m, more than 1½ times as much as the £268m Oxford has raised over five years.

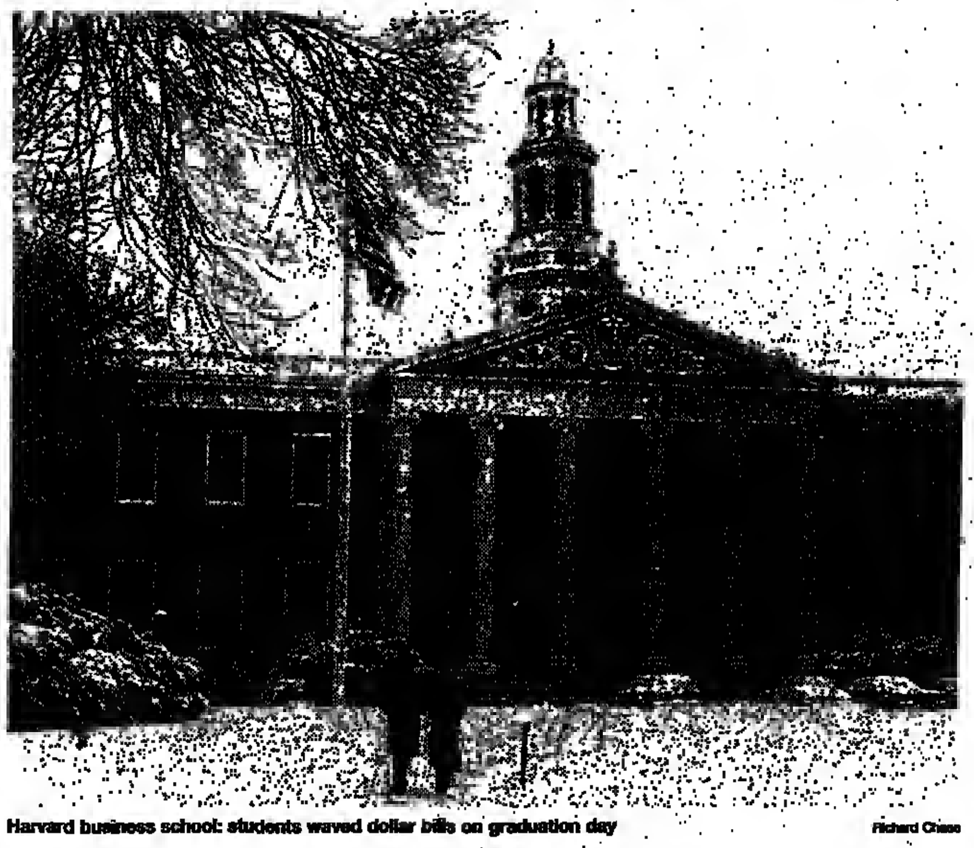
The discrepancy can be put down to differences in state support, national wealth and attitudes towards philanthropy, as well as a testament to the career successes of old Harvard men and women. But another element must surely come into play – the great *sense of obligation that Har*vard graduates feel towards the university.

The relationship is not a one-way street. An Ivy League degree looks good on any résumé, as does one from Oxbridge, although it is less of a guarantee of instant success and riches in today's tough employment market than it was in palmier econnmic times. But the Harvard network of important connections is not left to chance. Harvard clubs flourish all over the world, bringing people together nften for more than a drink.

Rarely does a week go by without my wife, Kathleen (class of '72), receiving Harvard mail – and not all of it, by a long chalk, asks for money.

Oxbridge is much less good et preserving this sense of mutual assistance. This was a message I tried to convey in a modest speech last autumn to an Oxfnrd dinner and it seemed to have been well-received (even by John Patten, the education secretary). But there has been no communication from the college since, and my inclination to contribute to the Oxford fund has not grown more keen.

Harvard, on the other hand, does even the little things well in sending its products on their way. Within two hours of getting her degree from the Master of Leverett House, Caroline had it framed: a quick service for just 27 hucks by the Harvard Co-op, ready to be hung forever on a wall. I am not sure in what dark closet my rumpled piece of paper can be found.



Harvard business school: students waved dollar bills on graduation day

FOOD AND DRINK

Cookery/**Philippa Davenport**

A fashionable way with fish

Sizzling roast joints of beef, lamb or pork used to be synonymous with Sunday lunch. No longer. The word "roast" has been hijacked.

Trendy menu-writers have discovered its power. Nothing, it seems, can start salivation faster this summer. Pan-fried and char-grilled are passé. Roasts are in.

The hottest menus are peppered liberally with roast and roasted foods, the terms sometimes being applied to just about anything cooked in the oven. Baked tomatoes have become roasted tomatoes, although the cooking method has not changed one jot.

Aubergines, red peppers, fennel, garlic and courgettes are other likely candidates for this treatment in fashionable restaurants, where you may be offered roasted red pepper soup, slow roast tomatoes, and roast figs with honey and almonds. But the choicest dish of the lot, *the* dish of summer 1994, must be roast fish.

Basically, roasting achieves the same searing effect on fish as grilling or frying, but with fewer anti-social side effects. There is less danger of the fish catching and burning as it cooks, so you do not have to watch it closely. And most of the cooking smells are trapped within the walls of the oven instead of the cook's clothes and hair.

Whole fish – such as sea bass, sea bream, snapper or grey mullet weighing 2½ to 3½lb – are a popular choice while a middle cut of cod of around the same weight is acceptable, too. For those who like everything to come ready-portioned, fillets and steaks of turbot, brill, halibut and cod are all suitable.

Whatever you choose, one crucial clue to success is using high heat. If the temperature is low, the fish will not be sealed and seared without and cooked juicily within, as it should be. Instead, juices will ooze out and the fish will stew in them, quite possibly leaving the flesh dull and tasteless. So make sure you heat the oven thoroughly in advance – the hotter, the better.

David Sharland, chef at the Savoy Hotel, with his roasted sea bass, garnished with shiitake mushrooms and artichoke — Trevor Humphries

How long will fish take to cook? Thickness is as important as weight. As a general rule, allow 15 minutes an inch at the thickest part – but check by testing. Cut down on to the backbone at the thickest part: the fish is ready when the flesh has turned white right through. If the fish is ready before you are, let it rest in the plate-warmer.

Whole fish are protected against drying out during cooking by their mackintosh skins, and the skin can be a choice titbit if roasted crisply. Placing the fish on a rack or a bed of vegetables raises it in the roasting pan and allows the heat to circulate more freely – which is all the better to crisp up the skin. A fan-assisted oven might also be of some help.

Be sure the skin is dried thoroughly after rinsing and before cooking. Then, brush it with a thin film of oil or melted butter and sprinkle it with sea salt and a good sanding of freshly-ground black pepper.

If, in spite of all this attention to detail, the skin does not roast as crisply as you would wish, baste the fish again just before serving (with butter or oil, or paint it with lemon juice or a light sugar syrup and a splash of soy sauce) and flash it briefly under a very hot grill for a sizzling finish.

Some cooks like to slash whole fish with two or three oblique cuts down each side before cooking. This speeds the process but encourages some loss of moisture, although the wounds can be staunched (partially, at least) by stuffing them with slices of lemon or slivers of herb or spice-flavoured butter.

On balance, however, I think it better to leave the skin unscathed and to save such extra flavourings for stuffing into the belly or to use for saucing when serving.

Fish fillets and steaks, lacking the all-enveloping protection of skin, need more careful treatment. Dust them with a modicum of flour to check they are thoroughly dry, and lay them in a shallow roasting pan or baking tin that is robust enough not to buckle when subjected to high heat.

The tin should be brushed lightly with butter or oil and the pieces of fish placed well apart. If jam-packed, the heat will be unable to circulate properly and the fish risks stewing.

The simplest – and, in a way, the most sophisticated – recipes call for topping the fish with just a dusting of flour and a drizzle of oil or melted butter, and for turning it at half-time (but with great care, to avoid breaking the crust). Such plainly-roasted fish steaks or fillets can be served just as they are, pure and simple, or partnered with a splendidly showy sauce.

More often (and this is easier to get right), the pieces of fish are cloaked with buttery or olive oil-soaked bread crumbs flavoured with a few herbs or spices.

By the time the fish is just cooked and still moist in the centre, the crumbs should have dried out to an appetising golden crust. If necessary, a quick flash under a very hot grill will ensure a crisp finish.

Stirred, but not shaken

Not so long ago a friend confessed that he had been to Dukes Hotel in St James's, central London, and ordered a dry martini. The barman at Dukes, Gilberto Preti, is rumoured to make the best martinis in London, but my friend found that he had been unable to finish the glass: it was just that bit too strong, and just a little bit too dry.

It is that austere and uncompromising side of the martini which makes it the greatest of cocktails. One's first martini should be a baptism of fire: a martini is a John Wayne of a drink which separates men from boys. It is one of the very few things I look forward to when crossing the Atlantic, for Americans are deeply serious about martinis.

In 1977 President Jimmy Carter launched a famous attack on the "three-martini lunch" as a symbol of the progressive decadence of the American business world. American drinking habits are distinctly odd. They drink three cocktails then sit down to iced water rather than wine with the meal. It is all a bit like a general who unleashes a terrible artillery barrage at the enemy lines at the beginning of a battle, then forgets to send in the troops. Three pre-prandial martinis would seem to be a lethal dose.

A great deal of mystique surrounds the creation of a martini, but the recipe looks deceptively simple. *The Savoy Cocktail Book* (Constable, £6.95) gives the following: "1/7 dry vermouth; 6/7 dry gin, stir well with ice and serve with a squeeze of lemon rind." Which is certainly only half the story.

In order to find out the other half, I went along to a tasting of dry martinis at the Atlantic Bar and Grill in Piccadilly, London'e latest late-night haunt. Five top London barmen were standing with their cocktail shakers in their hands: Dick Bradsell from the Atlantic; Salvatore Calabrese from the Lanesborough; Peter Dorelli from the Savoy's American Bar; James Scott from the Groucho Club in Soho; and Lado Stojanovic from Maxwells in Covent Garden.

Judging between the five was hard work indeed. All displayed a very high level of professionalism. Bradsell's, Calabrese's and Dorellis were quite similar in style – all three were deeply lemony. Dorelli's was slightly different in that it was served, minus the peel in the original Savoy cocktail glass: justified by tradition, but ever so slightly rude. Stojanovic's was the least dry of the five, in that it was the only one in which one could detect the flavour of vermouth which made it half way to a gin and French. Scott's was possibly the driest, in that not even the lemon was able to dent the armour of the gin.

What surprised me were the choices of gin.

They were unanimous in their condemnation of Gordons and its new 37.5 per cent bottling, but all five had selected gins at 40 per cent. Of these, two were Beefeater, two Bombay Sapphire and one Booths. Contrary to the teaching of great barmen beyond these shores, who use export strength gin at around 47 per cent, these British barmen insist that their relatively weak martinis are the best. American customers,

Ian Fleming invented a heresy for James Bond

they maintain, are astounded by their delicacy after the fire-water they drink at home. I have to say I was not wholly convinced by this argument.

Of the other elements which go into a martini, four out of five favoured Martini Extra Dry as their vermouth, while the one remaining barman used Noilly Prat. In the main, the vermouth does not end up in the drink, being either swirled round the glass or the shaker. Clear, fresh, quick-frozen ice was absolutely indispensable; and it should be stirred, not shaken: shaking bruises the gin. This little heresy was introduced by Ian Fleming of James Bond fame.

Another heresy was the olive. Dorelli thought this went back to the film MASH, where one of the characters is offered an olive-less martini and exclaims: "What no olive? You can't drink martinis without olives!" You can, apparently. An olive will just make your cocktail oily.

I emerged from the tasting slightly light-headed and not wholly convinced that I had really got to the bottom of the martini debate. Next stop Dukes.

Giles MacDonogh

Great British Eating

New look for a high-fryer

Fish and chips are not what they were. The great standby supper dish for the British working classes is changing its profile – and so is the industry that supplies it.

Some 10,000 fried fish shops in the UK generate annual sales of more than £600m, frying more than 60,000 tonnes of fish and 600,000 tonnes of potatoes. One of their leading proponents is John Barnes, ebullient chairman of Britain's most famous chippie, the publicly-quoted Harry Ramsden's. He visited the first Ramsden's shop at Guiseley, Yorkshire, in 1968 and liked the product so much that he bought the company.

Barnes says: "Our aim is to make eating fish and chips fun, using the original Guiseley design from the 1930s as the setting for all the restaurants." There are now 10, including one in Hong Kong, and other overseas outlets are to open soon in Melbourne and Singapore. Requests for information are frequent, many from overseas; they are answered by the company's own public relations department.

But Ramsden's is only part of the story. If you walk into any restaurant today serving modern British food, there is bound to be a variation on fish and chips. It has also become a fashion food, with top chefs eager to outdo each other in their style of presentation.

Indeed, cod and chips with a mint pea purée (£9.95) were on offer last week to millionaire author Jackie Collins and politician Cecil Parkinson who were eating (separately) at London's fashionable Le Caprice restaurant.

Fish and chips is a simple, unpretentious and relatively inexpensive dish ideal for the 1990s. But as more chefs serve roast cod (healthier than frying), it will inevitably make this increasingly scarce fish even more inaccessible. Already, it is almost the same price as farmed salmon.

To find a fish and chip restaurant that bridged the gap between tradition and modernity, I took the boat train to Harwich, Essex. There, at the the Pier Hotel, I discovered a restaurant tinged with history, romance, and a little sadness.

The original Pier Hotel was built in 1860 and it prospered for 90 years as the quays bustled with ferries to and from continental Europe. Then business fell away and the hotel was bought in 1977 by two local businessmen, Gerald Milsom and Richard Wheeler. Milsom had an established restaurant, Le Talbooth, at Dedham near Colchester, Essex, while Wheeler was chairman of a Colchester wine merchant, Lay & Wheeler.

On trips to Boston, in the US, they had seen the popularity of such restaurants as Jimmy's Harbourside, where fresh fish was cooked simply and sold cheaply and the queues never seemed to disappear. Their aim was to offer the same at the Pier, where the sea is 50 yards from the front door.

The romance was supplied by the appointment of Chris Oakley as chef. Today, he is in partnership there with his Swiss wife, Vreni, whom he met at Le Talbooth. Indeed, Oakley was cooking in Davos, Switzerland, when Milsom asked him to take over at The Pier.

Oakley is perhaps the most highly-trained fish and chip chef in the country, having spent two years at catering college followed by another two years at Claridge's, one of London's top hotels. He immersed himself in the job, often visiting the famous Seashell fish restaurant at Lisson Grove, north London, to see how it operated.

To choose the batter for his own fish, he set up a blind tasting of seven different versions – including beer, egg, yeast, and flour and water. That decided, he found that living near the sea was no guarantee of getting fresh fish.

Nicholas Lander enjoys one of Britain's most satisfying meals

"When I arrived, I thought it would be quite easy for me to buy the fish I wanted from the local fishermen, but it took me several years to win their confidence," he says. He has no regrets, though. "In the summer months the fish here – turbot, bass, brill, crab, lobster and Dover sole – are wonderful, and sometimes in such abundance that I can let other chefs know about the day's catch."

The restaurant is on the first floor, from where you can look out over the estuaries of the rivers Orwell and Stour to Constable country and watch the fishing boats, yachts and ferries. My cod and chips were delicious, although I kept an envious eye on the spanking fresh Dover sole being eaten alongside me.

Catch of the day: chef Chris Oakley choosing his lunch

Oakley's formal background was obvious: an exciting array of four different types of bread rolls before the meal and at the end some stunning *petits fours* with the coffee.

This, however, is where the touch of sadness comes in. There is no denying the popularity and success of The Pier, which serves 45,000 customers a year and is one of the town's biggest employers in an area with unemployment well above the national average. But it is too far from the real action.

The restaurant is in the centre of Harwich town, which used to be the gateway to the quays. Now, though, most of the traffic which passes in and out of Harwich en route to the Continent use a modern terminal at Parkeston Quay, two miles away.

The Pier offers the great British meal of fish and chips in style. But, to flourish for another 100 years, it needs a new location.

■ *The Pier at Harwich, Harwich CO12 3HH, tel: 0255-241 212; fax 0255-551 922.*

■ London fish restaurants: Brady's, 513 Old York Road, SW18 (081-877 9599); Geale's 2 Farmer Street, W8 (727-7969); Nautilus, 27 Fortune Green Road, NW6 (435-2532); Seashell, 49 Lisson Grove, NW1 (723-8703); Seafresh, 80 Wilton Road, SW1 (828-0747); Upper Street Fish Shop, N1 (359-1401); and The Two Brothers, 297 Regents Park Road, N3 (081-346 0469).

■ Outside London: The Fish Inn, Didsbury, Manchester (061-448 2468). Harry Ramsden's restaurants can be found in Glasgow, Edinburgh, the Metro Centre at Newcastle, Blackpool, and Manchester and Heathrow airports. Nottingham and Dublin shops are to open soon.

Appetisers/**Lucia van der Post**

Such a cordial welcome

It is the height of the elderflower season and I am clutching a friend's recipe for elderflower cordial, to which my family is addicted. The commercial versions are not bad but the home-made ones are ambrosia. We have a car bootful of elderflowers, sugar in the cupboard and all I lack is tartaric acid or citric acid.

I start off at Waitrose, Safeway and Sainsbury and am in some despair when all fail to yield the essential ingredient. On to Boots. "Would cream of tartar do?" asks the girl behind the counter. It will not. A helpful pharmacist tells me that she can obtain some tartaric acid by Monday (it is now Saturday and I do not fancy the elderflower heads' chances of surviving that long).

I head up the high street stopping in every chemist along the way. Eventually, a small pharmacist sells me citric acid and I am limp with gratitude. He tells me that many chemists do not stock it because drug addicts use it in conjunction with heroin. If this is true it seems rather hard on the brewers of elderflower syrup.

As I write, the elderflowers are brewing splendidly. I am buying up all the tartaric scid that I can and the nice pharmacist at Boots has ordered in readiness for next year.

But why should it be so difficult to find something so innocent?

PS. The recipe – with grateful thanks to Morny Hay Davison:

Ingredients: 25 big elderflower heads; 2lbs white sugar; 80 grammes tartaric acid or citric acid; 1½ pints boiling water.

Method: Pour the boiling water over all the ingredients and stir each day for four days. Strain through muslin and fill bottles.

□ □ □

Forget authentic earthenware dishes from the Auvergne, microwaves and make-your-own pasta machines, today's hottest accessory for the serious cook is a blow-torch.

Some weeks ago my son-in-law served a perfect *crème brulée*. The topping was evenly crunchy and a heavenly shade of caramel – so unlike my own efforts with a standard grill.

Top chef Alastair Little specifically recommends a blow-torch as a culinary tool in his book *Keep It Simple*. The blow-torch can be used for crisping potato toppings, singeing chickens, caramelising bananas, browning and producing perfectly even brulées. It costs £10 and runs on propane gas. The Taymar hand-held version is perfect – do not use anything more powerful – and is available in DIY stores.

Gardening

Be wary of Blairi – give cistus a vote

***Robin Lane Fox** finds that sun roses can leave their rivals in the shade*

Flowers are everywhere and it seems mad to waste a weekend in a town. Roses have even been keeping pace with the news. I have no doubt about my sight of the week: it confronted me on an old brick wall in Oxfordshire with an allegorical message.

All over the brickwork ran the opulent flowers of the old-fashioned rose known as Blairi Number Two. Watch out, you fellow travellers, to judge *from this* rose's petals. The outer edges are a soft and appealing pink but the centres are a deep rose red, verging on bloodstains.

Blair's Number Two is a class act as a climber, like the lesser-known Number One. Perhaps we will see it in party buttonholes in 1997. But you might be reassured to know that it is extremely prone to rot when looking its most promising, and that it never performs if it is given its head. It looks best on a scaffold of wood or bamboo.

This weekend, the elusive Blairi Number One can be seen at its best in the great rose garden of Mottisfont Abbey in Hampshire (where I think I remember it on the wall in the far left-hand corner as you enter the first walled square). Number One is nothing but a pale powder-pink, and I have to say that Number Two has eclipsed it.

Roses of this type hate my soil; they show signs of distress and quickly lose their leaves. In order to hide them, I look to the other great shrubs of high summer in the home counties. Three mild winters have done wonders for them and, this weekend, the best have never looked better. On a poor soil for roses, try sun roses instead. These are the evergreen family of cistus which will leave Blairi Numbers One and Two looking very parochial if you ever transplant them to gardens further south.

Cistuses conjure up two different settings which the post-war intake of gardeners are busily uniting. With one eye, I picture them on the chalk soils of Hampshire, spilling out of borders below the mallow-flowered abutilons which have come safely through the recent frosts between Winchester and Newbury. With the other, I picture them where they grow wild: in the gardens of expatriate-built boîtes within reach of the Mediterranean. If I was banished from Britain, Blair's roses would be no good at all: I would switch over in quantity to cistuses (a plant which gardeners in France, Spain and Italy still use unimaginatively).

Cistuses, like horses, have run through my adult life, some staying longer than others. By now, I know which ones look best. Go for the white-flowered forms with dark, chocolate blotches and leaves with a sticky surface and a resinous smell. I never understand why many gardeners, especially in hot climates, choose the pink-flowered forms instead: varieties such as Silver Pink or Sunset are much the least interesting.

The first choice has to be Cistus cyprius, which is surprisingly hardy in Britain and magnificent in French or Italian settings. It puts up with awful drought and soon reaches 6-7ft, needing enough room to spread itself. But be sure that you site it correctly because you cannot move it later. Indeed, the one golden rule for cistus growers is never to transplant an established bush. This spring I broke the rule, just to test it; the result is a dead C. cyprius, just as the books promise.

If cyprius is too big for your taste, you might like to risk others that are denied to those of us in colder gardens. In light shade, there is a white-flowered cistus, called palinhae, which will flourish unexpectedly under tall trees. I first saw it at Wisley and then checked its performance with Graham Thomas, the living master of ground cover.

C. palinhae really does spread in light shade, although it will look messy if you have the sort of trees which drip anything sticky on to the ground. It makes low bushes (up to 2ft) and is a much older and grander alternative to yet more hardy geraniums. Anyone with shade in a sheltered garden should try two or three bushes and, if they survive the winter, take dozens of cuttings next year.

Cistuses are extraordinarily easy to multiply, as you can prove for yourself this very weekend. Now is exactly the moment to strike. Simply pull off some of the soft shoots which are not flowering at the tips of a plant, and pot them up in a light, sandy soil. They will be well-rooted by September so long as you water them.

Londoners and expatriates also have the choice of two lovely forms which lack sufficient hardiness for me. The best is lusitanicus decumbens, which has white flowers with crimson eyes and lasts as a broad, spreading bush for a very long season.

It ought to be exploited everywhere in its native Spain and Portugal, but gardeners seem stuck with exotic South African daisies and foreign bedding plants. Against a sunny wall in a warm city, it will last for many years; it is my pick of the main family.

I would match it with a hybrid, raised in Hampshire: Halimio cistus wintonensis which has small, grey-green leaves and cream-yellow flowers with a chocolate zone in its prettiest named variety, Merrist Wood Cream. Be warned, however, that it has never survived moderate frost in sheltered corners of Oxford and is emphatically a plant for a pot or a warm garden here or abroad.

Years of losses have taught me there are few certainties in the world of the cistus, but that the taller and smaller-flowered white laurifolius is one of them. It remains a backbone of summer borders and banks, even in places where the frost is relatively sharp.

Since 1987, I have rallied to an alternative, the broader and bigger-flowered Snow White (its elderly raiser kindly wrote to me when last I alluded to it in the *FT*).

One or two branches have died back since then, but I continue to think it the most under-rated of the hardy forms – and if you saw it right now, you could only agree. The petals fall nightly from the passing flowers but buds keep on opening and the entire plant now has a spread of 6ft without any sign of distress.

Surprisingly few nurseries either list or know it. Hunt out those which the *The Plant Finder* recognises and then propagate Snow White from cuttings; they root with wonderful ease.

Mottisfont Abbey in Hampshire: this weekend, the elusive Blairi Number One can be seen at its best in the great rose garden

National Trust

Fishing/Tom Fort

A glorious evening of sedge frenzy

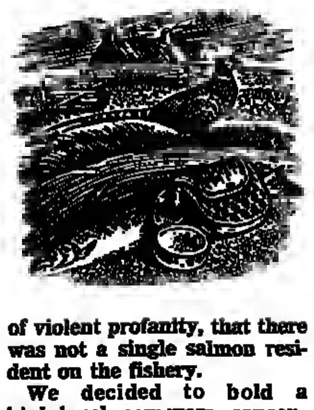
Readers with retentive memories may recall an account I gave last summer of a week-long trip to Ireland which was attended by bad weather on an almost biblical scale. The experience of having my campaign against salmon and trout reduced to grim farce by flood and tempest compelled a reassessment.

Last year's weakness might have been an excess of planning. This time, I kept my options open until word reached me that the summer salmon were running in the Blackwater.

A glance over the bridge at Mallow gave the first hint that the tactics might be flawed. Twelve months before, the Blackwater had been in foaming flood. Now it was a gentle and suspiciously shrunken stream. Where, I demanded of Frank, who guards and cherishes the fishing at Killavullen – was the water? And the salmon?

His sorrowful face told the whole wretched story of the damnable lottery that is salmon fishing. It was now Monday. The previous Tuesday a steady rise in the water had brought the fish up in numbers. Frank had six one day, seven the next. By Friday the level was dropping and the salmon had speeded upstream. By the time we – my Irish companion, Niall, and I – arrived, the situation was hopeless.

It was Frank's opinion, offered to the accompaniment



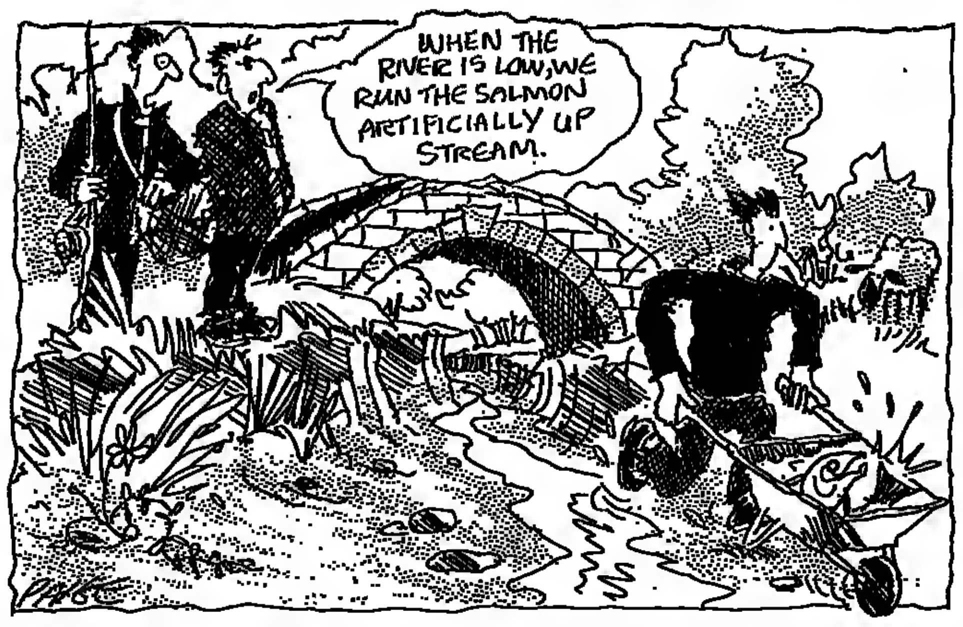
of violent profanity, that there was not a single salmon resident on the fishery.

We decided to hold a high-level pow-wow, concentrating on the kernel of the problem. This, as ever, was the weather, which was glorious. The sun was beating down, and the Blackwater seemed to be evaporating before our eyes. Our thoughts turned from the unreliable salmon to the trout of Ireland's finest trout river, the Suir, no more than an hour's drive away.

Next morning found us in the pleasing town of Cahir, across in County Tipperary. We were in a little shop up the hill from the famous Norman castle, buying flies at a furious rate from a woman called Alice Comba. She is quite the most artistic dresser of flies I have come across in many a year, and her premises in Old Church Street are well worth a visit, if you have the good fortune to be in that lovely part of the world.

We knew that our best chance would be during the evening. By 8.30pm we had feasted in a smart new restaurant in the town square, and were tackling up beside the broad, well-loved waters at Swiss Cottage, just downstream from Cahir. It and 15 miles of the Suir are controlled by the Cahir Anglers, a day ticket from Miss Comba costs £8, a season's permit just £13.

I waded across the stream, went down a couple of fields, and fished up a long, deep pool towards a weir. The air was balmy and, as the sun sank in an amber sky, the trout began to pick at a hatch of olives. But they were as fastidious as ever, and as I neared the top of the pool, I still had not managed to fool one.



Then I saw a clumsy, fluttering movement at the surface, and an eager pounce from a fish. It was a sedge, and within minutes, multitudes of these unprepossessing insects were appearing all over the river, and the trout were going mad.

There is nothing in trout fishing to beat the excitement of an evening sedge hatch, and it was years since I had experienced one. Something about the motion of the creature as it careers across the top in its efforts to gain flight induces abandon in even the most selective fish. The rises are slashing and savage and the river that velvet June night boiled with the feeding frenzy.

Normally, in such circumstances, I lose my head and fall in, or lose my flies, or break my cast. This time I remained comparatively calm, and one of Miss Comba's sedge patterns did the rest. By the time I bumped into Niall, I had caught seven. None was vast, but they fought like demons. He, a much more accomplished fisher than I, had simply lost count of his battles.

On the bank, witnessing our endeavours, was a curious little Cahir man. He rebuked me sternly after I had waded back, telling me that I could have fallen into a hole and been swept away. A friend of his, he said, had a narrow escape a couple of nights before.

I asked him what had happened. It seemed that this friend had borrowed the reins off my informant's horse, saying he wanted to pull a tree out of the water. He had tied a grappling hook to one end of the rope, and the other end to his leg. Throwing the hook around the tree, he had attempted to walk the tree out of the water, fallen headlong, and been "near drownded".

Unable to see the relevance of this incident to my own case, we bade farewell to the little man and left the river, exhilarated. It had been a memorable night.

FT Ski Expedition/Arnie Wilson

Chile slow to get chilly

Arnie Wilson and Lucy Dicker are trying to ski every day of 1994 on a round-the-world expedition. This week they arrived in Chile.

Arriving in Chile, winter seemed far away. It was if Portillo, one of the highest and most famous ski resorts in South America, was reluctant to be stirred from hibernation.

Just 48 hours earlier we had been baking in the heat of the Mojave desert in California – and the temperatures in the Andes would not have been out of place in the Californian summer.

Recently, in the northern hemisphere, we have seen many ski resorts "put to bed" for the summer, but this is the first time we have seen one being woken up for the winter.

In spite of being surrounded by peaks of 19,000ft and more, Portillo, close to Argentina, was still in its summer slumber.

Lucy and I, on the other hand, although anxious to ski, were keen to hang on to what was left of our brief summer. We were rewarded with a blue-sky day and a powerful sun which glittered on the icy and almost bottomless waters of the Laguna del Inca just outside our chalet.

David Purcell and his brother Henry, both originally from New York, had been praying for a heavy snowfall so that they could open Portillo on time. And the following day, a leaden sky might have given them cause to cheer. But David Purcell did not like what he saw.

"High overcast," he said. "That's exactly what we don't want. We need either snow or clear blue skies so it gets cold enough to make snow. When it's like this it doesn't snow and we can't make snow either. Some resorts would open with the snow we already have, but we'd rather wait."

Open or not, Henry, who has been in charge at Portillo since 1968, was kind enough to run one of the chairlifts just for Lucy and me so that we could ski our compulsory daily run. He and his daughter Elisa even kept us company, while his black labrador Sally romped down the slope with us.

Then the prayed-for snow started falling with a vengeance, completely contradicting the weather forecast. Tentatively, the Purcells opened a single Poma lift.

After stagnating with minimal skiing for 8½ days, Lucy and I were even more boisterous than Sally. We skied relentlessly through falling snow until the lift closed.

I expected to feel dismay at being plunged back into winter again so soon, but the familiar feeling of warm blood tingling in my veins on a cold day, and the sharp intake of mountain air, came as a pleasantly invigorating surprise.

This is the first resort we have seen being woken up for the winter

Now we are looking forward to trying the rest of Portillo's lifts, including the unique Va et Vient lifts, Rocas Jack and Condor, specially designed for inaccessible, avalanche-prone terrain, and skiing some of Chile's steepest slopes – with the possible exception of the Kilometro Lanzado, on which French Olympic champion Michael Prufer skied at 135.264mph.

This is a wild, windswept place. And much as we miss the Californian summer, we are glad to be here.

The union Jacques

Continued from Page I

other commissioners.

With the aid of Lamy and the other members of his cabinet – who were brilliant, dedicated and capable of *ruthlessness* – Delors created a pyramidal structure, with himself at the summit. Many of the other commissioners were sidelined, while Delors installed loyal friends – members of the "Delors network" – in key posts.

To win arguments against commissioners such as Sir Leon Brittan, Delors' staff sometimes used dubious methods, such as editing or even rewriting the minutes of commission meetings.

In October 1987 Delors told the European Parliament that America *would let the dollar* fall to DM1.60. The dollar dipped two pfennigs and several finance ministers rebuked Delors for speaking out of turn.

Lamy told journalists that the president had been misquoted and sent a member of the cabinet to the parliament's office. The envoy found the official who was editing the report of that day's proceedings and bullied him into deleting the offending words. The report had been printed when Lord Plumb, the parliament's president, discovered the ruse. He had the report pulped and then reprinted with Delors' true words.

By the end of Delors' reign, his authoritarian management style had created as many problems as it had solved. His network's huge influence undermined the commission's traditional chains of command, and especially the role of the directors-general, the top tier of officials. The regime's excesses harmed the morale of many officials.

Delors and Lamy justified their strong-arm tactics with the argument that, in such a creaking and ramshackle bureaucracy, there was no other way to get things done. However they never attempted a fundamental reform of that bureaucracy's failings.

Delors has always found ideas and policy more interesting than administration. His departure at the end of this year, and the inevitable withering of his network, will deprive the commission of its spine – and leave management problems for his successor.

Delors' draft treaty for political union proved too federalist, particularly in the large role it proposed for the commission in foreign policy

Delors' tactical skill began to desert him in the 1990s. He became over-confident and appeared too ambitious on behalf of the commission. By 1991, the year of the inter-governmental conferences, the commission's growing power – and the perception that Delors wanted even more for it – had irked several governments.

Delors' draft treaty for political union proved too federalist, particularly in the large role it proposed for the commission in foreign policy, to have any impact other than to annoy governments. Delors had become too wrapped in the logic of the EC's institutional mechanisms.

In common with many national politicians, Delors had failed to see that a large part of public opinion understood neither the Community nor what he was trying to achieve. Hence his surprise when, after Denmark's Nej to Maastricht in June 1992, popular sentiment in Britain, France and Germany turned against the EC, the commission and himself.

In the coming decades, the debate about the future of Europe will be defined by the opposing ideas of Delors and Thatcher. Her side wants only a confederation of free-trading nation states. Delorists will argue that European countries have enough in common in their history, culture and values to make it worth pooling their economic, diplomatic and military resources into a union that can hold its own with the superpowers.

Delors has turned the Community into a powerful entity which threatens national officials, parliamentarians and ministers. It also frightens many citizens. Thanks to Delors, public opinion has become, for the first time, a crucial factor in the shaping of the future of the union – and a brake on his own federalist designs.

■ *Charles Grant works for The Economist. He is the author of* Delors: Inside The House That Jacques Built, *published by Nicholas Brealey, £12.99.*

Turn on, tune in, and marvel with Motson

*Britain's TV audience is being served a World Cup mixture of thrills and banality, says **Peter Aspden***

Thare comes a turning-point in every World Cup when events on the pitch take on extra significance. It usually happens after the opening salvoes have been fired. We have been introduced to the *dramatis personae*; we have acclimatised to sleepless nights; and we have begun to bond with the hapless addicts at the other end of the office who also remember that Bolivian back-beel which led to their third corner of the match.

At this transcendent moment, people who spent the first days of the campaign rubbishing soccer find they have run out of clichés and quips, and start to take an interest, for even they understand that what they are watching is powerful drama.

That moment has arrived early in this splendid tournament, with Thursday's Italian victory over the charmless Norwegians. The combination of a rasb piece of goalkeeping and a truly courageous piece of management by Arrigo Sacchi brought us the first unforgettable icon of USA 94: the utterly bewildered face of Italy's Roberto Baggio as he trudged off to be substituted by Luca Marchegiani.

You had to be there – in front of a television screen, that is – to lip-read Baggio's distress: *"E impazzito?"* ("Has he gone mad?"). Sacchi stood firm. Off went the cherubic Baggio, up went the voice of BBC commentator John Motson, and suddenly we knew we were in a World Cup.

These are the games, high in melodrama, low in pure footballing skill, which make great television. For the trutb is that the various pundits assembled to provide viewers in Britain with "expert" analysis are proving as sadly inadequate as ever.

Reaching a new nadir of banality, John Fashanu, who plays for Wimbledon in the English Premier league and is commentating for ITV, revealed plenty about *his* conception of the game during the closing stages of Sweden vs Cameroon. "In the last couple of minutes", said Fash, "we have had two substitutions; both of them are 6ft 2in, so neither side obviously wants to settle for a draw."

Tell that to the "Norwegian Everests" (*La Gazzetta dello Sport*). Norway are one of the tallest sides in the competition, but have so far displayed little desire to wander into their opponents' half.

For the most part, comments on strategy and technique have been conspicuous by their absence from British screens. Tactics? Who needs them when you have Ron Atkinson, manager of Aston Villa, around? Ron, never one to lose himself in theory, has become a master of psycho-football, the game that is played entirely in the head.

Halfway through Germany vs Spain, he could bear it no longer: "You also – I don't know if it's my imagination – get the impression about that mental thing..." – this in response to the hitherto impressive Spanish side having had a quiet five minutes.

"That mental thing" is pundit-shorthand for letting us know that every side from sonth of the Alps – or Texas, for that matter – contains far too many feckless fanny merchants who would prefer to be in mid-siesta than in midfield where they might be called on to turn over a bunch of strapping Teutons.

On came Germany's Rudi Voeller, the "old fox", in what was "a psychological substitution". Like a work of 18th century empirical philosophy, all was in the mind now. "You get the impression that all the belief is with the Germans" – a quasi-theological pearl that warned us what to expect. The Spanish dominated the rest of the game and Germany played their poorest football of the tournament.

The team with the most legitimate claim to experiencing unbearable mental pressure have provided the saddest story of the week. Colombia had to pull their midfield player Gabriel Gomez out of their match against the US at the last minute after he had received death threats against his family.

On the field, the Colombians looked ever more ineffectual as they ran their pretty triangles into the thumping tackles of Alexi Lalas and Marcelo Balboa. As they left the field at half-time, the Colombians would have seen a scoreboard which read: "Escobar, own goal", which probably told them more than they needed to know about their homeland.

Lalas and Balboa (wasn't that Rocky's surname?) looked stronger and stronger as the match went on. Lalas, variously referred to as "the rock-and-roller", "the gypsy" and "Catweazle", looks one of the best defenders in the world on current form – smart money sees him in the Premier league next season – while Balboa came within an inch of scoring the goal of this or any World Cup with a stupendous overhead kick.

At the other end, goalkeeper Tony Meola, who wants to be an actor, glanced at the TV camera behind the goal and crossed himself in mock incredulity. The Americans, having seen their basketball championship settled on Thursday, can now turn their attention to the less serious business of watching their soccer players knock the stuffing out of some of the world's greatest teams.

Through a combination of Wimbledon, short-sightedness and long, bitter memories, we were denied the opportunity of watching live what was surely one of the biggest stories of the first World Cup week – the extraordinary return of Argentina's Diego Armando Maradona, perhaps the only man, along with Pelé of Brazil, to have earned the right to be called a football genius.

This mere fact was not enough to sway Britain's terrestrial TV channels, which had already decided that an ageing, overweight cheat with a drug problem could not possibly play a decisive role in such a wholesome sporting event.

They should think again. Maradona's body is so battered that he is literally frightened to shoot, in case the force required causes him serious injury. But against Greece, he saw an opening and could not resist it. Curled into the top corner, it was the most precisely-hit shot of the week.

Maradona's sprint to the camera and Munch-like scream into the lens let out four years of fury and resentment. BBC link-man Bob Wilson found it unsavoury. Maradona himself, watching a playback, thought it was "very beautiful".

Surrounded by loyal lieutenants who can move the ball with bewitching speed, and looking significantly fitter than he did in Italy four years ago, Maradona is set to have a final fling with the talent which stubbornly refuses to desert him. He has already won a World Cup single-handed, but will not rest on the memory. It's that mental thing.

A new generation wooed by skill

Robbie Walther, 15, plays soccer for Dalton School in New York City. He says that doesn't make him a wimp

Why do I, a good, young, upstanding American, play soccer and not American football, basketball or baseball? The question had never crossed my mind before it was announced that the soccer World Cup would be played on American soil.

As soon as I heard the news I was ecstatic, but confused. How could soccer's most prestigious tournament be played where football, baseball and basketball reigned suprema; where soccer had not even been televised on the four major networks; and where anyone who wants to watch a soccer game either has to listen to a commentary on a cable station – probably in a different language – or go and watch a college match, at times possibly the most embarrassing athletic vision the US has to offer?

My feeling is that it was the suburbs and the immigrant communities around the country that helped create the impression of some interest in soccer. But one thing was certain, I thought: it was not people like me who caused Fifa, the sport's governing body, to choose America as home for the 1994 World Cup.

I have been playing soccer since I was six years old and, since everything back then had to revolva around me, I naturally assumed that just about everybody played soccer. Now that I am in high school, it is pretty obvious that I am in quite a small minority.

This must have something to do with the availability of soccer equipment in New York City. For a pick-up game of American football in the park, all you need is six kids, a football and something to mark the end zone. Soccer needs a ball, at least 10 kids – and two goals.

Now, some of the suburbs and areas with heavy immigrant populations *do* have pitches and goal-posts marked out, but not the New York City parks I know. So soccer is almost destined to falter in the cities, though there are a few of us who keep the game alive in urban areas.

In New York, the football and soccer seasons overlap, which forces choice on anybody who wants to play both. I tried football, but once I had experienced the joys of a sport in which it takes 30 minutes to put on pads to play for another 30 minutes without ever actually touching the ball with hand or feet (I was big enough to play in the line), I lost my taste for it. When I said as much to the football coach, he reprimanded me with words that not only told me he liked anchovy pizza but also that he thought I was a wimp. I was nudged towards soccer.

If the football coach started me playing, I have stayed with soccer because it is different and I love it. It does not involve my hands or brawn but it does involve my feet and brain (speed helps, too). There is no other sport in the world that allows the feet (and sometimes the head) to do the scoring. So, a country where men like Michael Jordan, Magic Johnson, Joe Montana and Lawrence Taylor are labelled as superior athletes has yet to produce a soccer superstar like Pelé, just about the only soccer player anybody has ever heard of.

Other kids my age have not been so lucky to have soccer's history and traditions explained to them, and it is hard for them to learn about the game.

Most start not by playing it but through television. And here's something interesting: we can now see TV commercials that use soccer to sell a product – for example, Snickers candy, in which a man is shown juggling a soccer ball.

The target of this commercial is children, which tells me that the advertising people have worked out that soccer just might be bigger among kids than they had thought. Now we have reports that an eight-team American soccer league might be formed.

On reflection, maybe America got the World Cup not just because its government put in the highest bid but because of people like me, who live in big cities, as well as the suburbanites and the immigrants.

I guess Fifa saw that America could become a great soccer-playing nation, and how much my generation needed a new pastime. Perhaps we are really on our way.

Nigeria 'not afraid' of born-again Maradona

Nigeria, who meet Argentina in Boston today following a 3-0 win in their World Cup debut against Bulgaria, say they are not afraid of Argentina's rehabilitated star, Diego Maradona.

"Maradona is a respected player," said Nigeria's Dutch coach Clemens Westerhof. "We respect him, but we are not afraid of him."

Both teams won their opening games and know they have relatively weak opponents in their last games, so today's Group D match could turn into a goal-chasing clash of two powerful forward lines.

Maradona, the Argentine team captain, opened his fourth World Cup with a brilliant goal that added to three by Gabriel Batistuta in a 4-0 romp against Greece on Tuesday. But he advised caution against Nigeria.

"We have to be very careful. The Nigerians are extremely fast, and we can't give them a millimeter of advantage on the field."

Nigerian star Rashidi Yekini, who scored a goal against Bulgaria, will challenge Maradona for the limelight.

■ Standings

	P	W	D	L	Pts
GROUP A					
Switzerland	2	1	1	0	4
USA	2	1	1	0	4
Romania	2	1	0	1	3
Colombia	2	0	0	2	0
GROUP B					
Brazil	1	1	0	0	3
Cameroon	1	0	1	0	1
Sweden	1	0	1	0	1
Russia	1	0	0	1	0
GROUP C					
Germany	2	1	1	0	4
Spain	2	0	2	0	2
S.Korea	2	0	2	0	2
Bolivia	2	0	1	1	1
GROUP D					
Argentina	1	1	0	0	3
Nigeria	1	1	0	0	3
Bulgaria	1	0	0	1	0
Greece	1	0	0	1	0
GROUP E					
Ireland	1	1	0	0	3
Norway	1	1	0	0	3
Italy	1	0	0	1	0
Mexico	1	0	0	1	0
GROUP F					
Holland	1	1	0	0	3
Belgium	1	1	0	0	3
Saudi Arabia	1	0	0	1	0
Morocco	1	0	0	1	0

Schedules fit round dull game

A summit meeting was delayed, streets virtually emptied and doctors postponed operations yesterday as millions of South Koreans tuned in to the country's World Cup match against Bolivia, which ended in a scoreless draw.

South Korea had not won a game in three previous trips to the World Cup finals, and must now beat defending champions Germany to advance to the second round.

President Kim Young-sam, an ardent soccer fan, and visiting Thai Prime Minister Chuan Leekpai, met 30 minutes later than scheduled so that they could watch the telecast, the presidential office said.

Kim lamented South Korea's missed opportunities in the last minutes, but later called national team coach Kim Ho to voice encouragement. "I want to cheer the players for doing their best. If Spain can tie Germany, we also can put up a good fight against Germans," the president was quoted as saying.

News reports said surgeons at the Korea University hospital in Seoul rearranged their operating schedule so they could watch the match.

Cypriot TV an ad-free zone

Advertisers in Cyprus have withdrawn TV commercials aired during World Cup games after protests by fans. State-run Cyprus Television said it had received hundreds of calls from viewers complaining that ads aired while the games were on were too distracting.

Letters in local newspapers demanded government intervention to stop the commercial breaks. Coca-Cola and brewers Carlsberg and Keo, Cyprus's leading sponsors of live coverage, said the commercials will now air only at half-time and at the start and end of games.

Colombians trip up tipster

Betting-wise, my strategy of backing South American teams has been rocked, but not wrecked, by Colombia's gutless performance and (almost certain) elimination, *writes Michael Thompson-Noel*. They were my big winners. After Romania beat them, I took another wrong step by betting £10 each way on Romania at 25-1 (£10 to win at 25-1 and £10, at half-odds, to reach the final).

My other bets – Brazil (3-1) and Argentina (5-1) – could still show a small overall profit, which means that the time to pump up the volume is fast approaching.

If Brazil and Argentina win their first-round groups, they will not meet before the final (assuming they survive). But so greedy are Britain's bookmakers that Brazil have been clipped to 9-4. If Romania are eliminated, my combined losses on them and Columbia will total 53 per cent of my stakes to date – a disgraceful position to be in.

For my next trick, I will probably quadruple my £20 bet on the Argies, but not until they have played Nigeria. Coolness is required. It is what the bookies dread.

■ Remaining first-round schedule

Date	Group	Venue	Time*	Match
Today	F	Orlando	5.30pm	Belgium vs Holland
	F	New Jersey	5.30pm	S. Arabia vs Morocco
	D	Boston	9.00pm	Argentina vs Nigeria
Tomorrow	D	Chicago	5.30pm	Bulgaria vs Greece
	A	Los Angeles	9.30pm	US vs Romania
	A	San Francisco	9.00pm	Switz'land vs Colombia
Mon 27/6	C	Chicago	9.00pm	Bolivia vs Spain
	C	Dallas	9.00pm	Germany vs S. Korea
Tues 28/6	E	New Jersey	5.30pm	Ireland vs Norway
	E	Washington	5.30pm	Italy vs Mexico
	B	San Francisco	9.00pm	Russia vs Cameroon
	B	Detroit	9.00pm	Brazil vs Sweden
Wed 29/6	F	Orlando	5.30pm	Morocco vs Holland
	F	Washington	5.30pm	Belgium vs S. Arabia
Thurs 30/6	D	Boston	12.30am	Greece vs Nigeria
	D	Dallas	12.30am	Argentina vs Bulgaria

*British Summer Time

The quarter-finals will be played on the weekend of July 9-10, in Boston, Dallas, New York and San Francisco; the semis on Wednesday, July 13 (New York and Los Angeles); and the final on Sunday, July 17 (Los Angeles).

SPORT AND MOTORING

The week's newsmakers, from left: Jeremy Bates, repeating last year's fine performances by British men; nine-times champion Martina Navratilova – given an emotional welcome; and a vulnerable Stefan Edberg, the No 3 seed, beaten in five sets

PA and Reuter

Wimbledon/**John Barrett**

Delay the funeral, tennis is alive and well

The first week of Wimbledon's 108th tournament has produced so much excitement and good tennis that rumours of the sport's imminent demise seem decidedly premature. A beady mixture of nostalgia, emotion and raw-blooded athletic endeavour has given us entertainment of a high order.

Rod Laver, the 53-year-old Australian who was a four-time singles champion at Wimbledon, provided the nostalgia on the opening day.

The red-haired left-hander, looking slim and fit, received a tremendous ovation when the Duke of Kent, president of the All England Club, presented him with a piece of Waterford crystal to commemorate the silver jubilee of his unique second grand slam in 1969.

Following the ceremony, it was appropriate that the world No 1, Pete Sampras, who had idolised Laver when growing up in California, should have opened the Centre Court programme. A convincing win against Jared Palmer, his neighbour in Tampa, Florida, suggested that anyone with pretentions to Sampras's title will have to produce something very special.

The emotion belonged to 37-year-old Martina Navratilova. Her arrival on the Centre Court was greeted with rapturous enthusiasm by the assembled crowd, who gave the nine-times champion a lengthy standing ovation that brought a lump to the throat.

In my 48 years of visiting Wimbledon, I have never seen anything like it. Fortunately, Martina was not too much affected by the occasion and saw off the challenge of the British girl Claire Taylor without fuss.

The opening day had offered no clue about the drama that lay ahead. True, Cedric Pioline, the No 13 seed from France, went out, but that was not unexpected on grass.

Suddenly, on Tuesday, the drama began. On the Centre Court, Steffi Graf, Germany's five-time champion, the overwhelming favourite to retain her title, crashed out 7-5 7-6 to the 30-year-old black American, Lori McNeil.

As if in sympathy with her legion of tearful fans, the gods wept. This was the biggest upset in the history of Wimbledon. Never before has a defending champion lost her title in the first round.

The doom-laden skies created a Wagnerian atmosphere. In a match played in three rain-interrupted stanzas, McNeil played glorious attacking tennis at the net to reveal the shortcomings in the champion's game.

In strong, gusty wind, Graf's high ball-toss on serve was a liability. On the still sappy grass, the sliced backhand approaches of McNeil, skidding through fast and low towards her opponent's vulnerable backhand wing, were superbly effective. Even Graf's famous forehand only worked intermittently.

It was obvious that the champion's confidence, dented by a recent loss to Sanchez-Vicario in Hamburg when she had held match points, and another to Mary Pierce in Paris, was still damaged.

Turmoil among the men's seeds is one of this year's features

Before they started McNeil, who had beaten Graf once before – two years ago, in the first round of the Virginia Slims – said she fancied her chance in a first meeting on grass. How magnificently she took it.

McNeil is the product of John Wilkerson's public parks programme in Houston which also discovered Lori's one-time doubles partner, Zina Garrison. By coincidence, it was Garrison who inflicted humiliation on Graf when she beat the German *en route* to the final at Wimbledon in 1990.

Graf's unexpected departure left a gaping hole in the draw. The other seeds in the top half responded well. Conchita Martinez (3), Kimiko Date (6) and even Argentina's fallen angel, Gabriela Sabatini (10), started playing with renewed enthusiasm.

So did some of the unseeded women, sncb as the Eastbourne winner, Meredith McGrath. Her meeting with Sabatini was the highlight of the third round. Life was not so easy for McNeil. Reacting from her sensational win, she struggled to beat Yone Kamio of Japan, but at least she survived.

Meanwhile, there was turmoil among the men's seeds. In the course of four days seven disappeared before the third round, inclnding two former champions, Michael Stich (2) and Stefan Edberg (3).

This year Stich lost in the first round in Australia to Malavai Washington and in the second round in Paris to Aron Krickstein. The brittle German had his cup of grand-slam misery filled to overflowing when he was beaten in a delayed first-round match by Bryan Shelton, another black American. At this rate, Stich will soon lose his No 2 world ranking.

The present world No 3, Stefan Edberg, is unlikely to be the man to overtake him. Looking vulnerable on serve from the start, the 28-year-old Swede was beaten in five rousing sets by Kenneth Carlsen after leading by two sets to one.

Thursday produced two magnificent encounters. In the first, the French Open champion, Sergi Bruguera of Spain, beat Australia's big hope, Patrick Rafter, in a five-set marathon on Court No 1.

Bruguera prefers clay courts and has not played here for three years, but he adapted to the different demands of grass with the skill of a natural competitor.

Some of his acutely-angled touch volleys were a joy and his ground strokes, fizzing with topspin, mad life at the net uncomfortable for the game Australian.

How nice it was to see artistic French left-hander Guy Forget restored to fitness after a year away following operations on a knee.

His five-set win against last year's finalist, Jim Courier, was a joyous and skilful occasion, not least because the two combatants, old friends and rivals, displayed a chivalry that is rare these days. Here were two men giving everything but still able to take joy from their opponent's winners. It left you feeling uplifted.

How stirring, too, that last year's fine performances from the British men were repeated, this time by Jeremy Bates and Chris Wilkinson. At 31, Bates is performing as well as ever. Perhaps the responsibilities of fatherhood were what he needed to give him stability and maturity.

Wilkinson, who reached the third round last year, is relieved to be playing at all after enduring one of those frustrating injury spells – in his case a tendonitis of the wrist – that so often end the careers of promising athletes.

It has been a good week for Wimbledon and for tennis. Postpone the funeral.

Olympic politics/**Keith Wheatley**

Why small is beautiful

As be stood in the Sorbonne this week, paying homage to the efforts of Baron Pierre de Conbertin in 1894 to revive the Olympic Games, Juan Antonio Samaranch, president of the Internationel Olympic Committee, must have felt a sense of irony.

When de Coubertin's invitees met 100 years ago, in the Salle Octave Greard at the university, the young French aristocrat sought to make his tiny committee internationally powerful. Today, Samaranch is struggling to find ways to make his powerful group smaller.

De Coubertin would have made e snperb lobbyist in any modern democracy. In spite of a bizarre appearance – he grew a wide, feathery moustache – the baron was worldly enough to have a hand-picked gronp of powerful sympathisers who attracted public attention.

By June 1894, after 10 years of effort, de Conbertin had hustled enough support in French public life to organise his Sorbonne Congress, at whicb the rebirth of the Olympics was formally discussed. There were 2,000 guests at the opening banqnet, with athletes' representatives from 12 countries.

Thronghont the Congress, de Coubertin staged fête after fête – including night foot-races and fencing matches in e Parisian playing field lit by 1,000 torches. Trumpet fanfares, military music and fireworks rounded off the events.

The main principles of the Olympics were approved almost without debete, de Conbertin said. These were: four-year intervals between Games, modern sports, no children's contests, different sites for each Olympics and a stable IOC. It is remarkable bow these principles have endured, in spite of developments such as television and sponsorship.

Earlier this year, Samaranch wrote privately to each IOC member asking for views on two subjects: fixed rather than lifetime membership and the involvement of presidents of individual sports federations as temporary members during their terms of office.

So far, 52 have replied – a little more than half. Samaranch is looking for a reform consensus he can bring to the August Congress of the Olympic movement – the first since Baden-Baden in 1981 – but, as one IOC insider put it, "asking members to support fixed terms is like getting turkeys to vote for Christmas".

One tactic that Samaranch and his executive board seem to be employing, perbaps to ehow the IOC the dangers of atrophy, is not replacing members who die or reach mandatory retirement age.

No new memhers have been elected for over two years. And the Lausanne headquarters of the IOC has made no commitment to elections at the congress. Countries such as the UK, Italy and the US, which have previously had two members (as a recognition of having held the Games) now have one, simply through non-replacement.

Possihly, Britain is in the most curioos position of all. Having fought hard in the last five years or so, in concert with other Europeans and Americans, against the increasing Latin-American domination of the IOC voting process, the country that gave most to de Coubertin's vision of modern athleticism is now becoming marginalised.

Princess Anne is the sole current UK member, but her position and other commitments make it impossible for her to become completely involved in the Machiavellian and high-stakes world of international sports politics.

Sebastian Coe, the Olympic gold-medal runner turned Tory MP, and Craig Reedie, chairman of the British Olympic Association, are the candidates to fill the IOC vacancy created by the mandatory retirement of Dame Mary Glen Haig.

Coe is much liked by Samaranch, who appointed him a member of the Athletes Commission and – notoriously – gave him a personal invitation to compete in Seoul after the middle-distance runner had failed to qualify for the British team. Reedie, a former president of the Badminton federation, is well-connected in the top echelons of sport and would quickly become a force for common sense and less grandeur within the IOC.

Both men are the type the IOC needs to embrace if it is to renew itself for the coming 100 years. But the "recruitment freeze" – based around the Samaranch passion to reform and tighten the movement – means neither will have an opportunity to contribute.

In the US, a similar problem surrounds the vacancy created by the resignation from the committee two years ago of the disgraced Robert Helmick. The obvious candidate, Peter Ueberroth, maestro of the Los Angeles Olympics, has much to contribute but seems to have little chance of joining the IOC.

There is always friction between a host city and the Olympic committee in the frantic couple of years before a Games. However, relations between Atlanta and Lausanne are unusually frosty, with some senior IOC figures beginning to wonder if it was not a terrible mistake to award the games to that city.

Some of those difficulties – which are likely to get worse in the two years left before the 1996 Games – might have been avoided if the Olympic experience Ueberroth garnered in Los Angeles in 1984 were available within the IOC.

Motoring/**Stuart Marshall**

The car substitute with a wiggle

Will the new wave of multi-purpose vehicles (MPVs), such as the Peugeot 806 I wrote about last week, put a stop to the growth of on/off-road 4x4 sales?

I suspect so. But Land Rover most definitely hopes not: all its eggs are in one massive, permanently four-wheel-driven basket. It follows that any move in life-style aspirations away from waxed cotton jackets, green wellies, jodhpurs and knobbly tyres would be bad news.

Ask typical urban or suburban owners why they chose this sort of vehicle instead of a normal car and most will praise the high seating position and interior space, even though this can be more epparent than real.

The one thing they never mention is cross-country capability – because they have no intention of leaving the tarmac and would not know what to do if they did. Thus, the benefits of the complicated transmission and high-slung suspension designed for off-road work are never exploited.

A much more logical and effective form of transport would be one of the growing band of MPVs, which combine lots of interior space with a high driving position. But when did logic guide car purchase? So, withont taking back a word of the above, I have to say that tha Jeep Grand Cherokee I drove for a week recently was vastly enjoyable to use as a car substitute, even if the back end sometimes wiggled like Marilyn Monroe's.

The 5.2-litre, 212 horsepower, V8-engined Grand Cherokee, with four-speed automatic transmission and permanently engaged four-wheel drive, is as American as mom's apple pie. Never mind the little wiggle; it is wonderfully comfortable because it rides shock-ebsorbently with finger-light steering and has enough power and traction to master any driving situation.

Chrysler Jeep's Grand Cherokee V8. Keenly-priced American luxury but not out of place in Europe

It will out-accelerate most executive cars and cruise as quietly as they do at business drivers' speeds on the motorway. It coroers capahly, with no more body roll than most of its kind. While a big car, it does not feel intimidatingly bulky in narrow country lanes and is easy eoough to park.

The soft but supportive seats are leather-trimmed and the interior is not in the least American flash. With its sober colours and polished wood veneer, I thought the Grand Cherokee as understated as a quality European car.

It is full of electronic novelties. Display panels tell the driver the day, date, time and outside temperature, when the next service is due, and even the direction in which they are driving. Super-efficient air-conditioning, cruise control, anti-lock brakes and a good six-speaker stereo are part of the package.

You cannot expect any hefty on/off-roader with an engine the size and power of this one to be frugal with fuel but the Grand Cherokee is by no means a heavy drinker. The transmission is so eager to get into the high top gear that a driver content to cruise at the US legal maximum of 55 or 65mph (88 or 105kmh) should see well over 20mpg (14.1 litres per 100kms) on a journey.

An enormous spare wheel and tyre takes up about 20 per cent of the load floor but there is still a lot of room for luggage. And roof rack side-rails, which are built in, have instantly-adjustable crossbars for carrying things such as windsurf boards.

At £27,995, the Grand Cherokee is about £7,000 cheaper than a comparable Range Rover Vogue or Mitsubishi Shogun, but it would look just as much at home at a smart country occasion. The snag is that it only comes with left-hand steering, although there are plans to introduce right-hand drive versions, possibly by late next year.

Unlike Land Rover, Jeep (part of the Chrysler organisation) has hedged its bets. If the trend by then has moved away from on/off-road 4x4s, Chrysler's Voyager MPV will be waiting in the wings, complete with right-hand steering.

ذكرا من الأول

TRAVEL

In Megalopolis only the veneer is modern

Cosmopolitan Buenos Aires is a city best at remembering the past, says Nicholas Woodsworth

People in Buenos Aires may move to northern big-city rhythms but, like their Mediterranean forebears, they are gregarious, emotional, leisure-loving and sentimental

I did not think I would like Buenos Aires. Everyone I met along the way told me I would not.

"What's the point? It's a big, modern, noisy city," said a New Yorker I bumped into on a trail in the Andes.

"You want somewhere exotic, sensual, a city with palm trees – try Rio," suggested a Norwegian from his hammock in the Amazon basin.

"It is not really South America at all," said a Parisian I met buying an alpaca poncho in an Indian village. "You might as well be at home."

They were right, of course. Buenos Aires is cosmopolitan, a western-style city with little of the allure, the climate, the strange people and odd sights that usually attract travellers to South America. Why, indeed, go to such a distant place only to feel so close to home?

But my fellow travellers were wrong, too. Buenos Aires' first-world sophistication on a rough-hewn, third-world continent is remarkable in itself, and I ended up liking the city very much.

Wild and woolly South America ends, and civilised Buenos Aires begins, at Tigre, a small Argentine town at the confluence of the Uruguay and Parana Rivers. North and east it is no distance by boat to Uruguay and a great spongy river delta where channels of water twist and braid and meander off into the distance of a vast continent.

But Tigre is also a city suburb, the last station on Buenos Aires' northern commuter railway line. Just 30km to the south lies the heart of a great metropolis of more than 12m people.

Something struck a chord as I sat in the Tigre train heading to Buenos Aires' Retiro station. After weeks of Latin American exotica, the suburbs of the city, seen through a train window, were all so familiar and banal that I felt a sense of *déjà vu*. I was on every commuter train I had ever taken in every city I had ever lived.

I recognised those men in suits, briefcases in one hand, folded newspapers in the other, standing on the platform at San Isidro station. I recognised the dusty plasterers waiting at working-class Victoria; the rock-music graffiti scrawled on the walls at Nunez; the Italian restaurants at Belgrano; the neglected houses of the poor at Virreyes; the private school children in caps and ties at Olivos; the shopping centre at Rivadavia; the family estate car parked outside the phony Tudor half-beam house at Vincente Lopez.

They were part of my own urban life. All big city dwellers from the west, I knew before I arrived, would find something of themselves in Buenos Aires. Downtown Buenos Aires roars, a commotion of people in a hurry. There is a good dose of brash energy in the air.

The city is laid on a grid pattern of rectangular blocks. You can look for miles down canyons of buildings. Fleets of yellow-and-black taxis cruise the avenues, their drivers as happy to run you down as blink.

Hot-dog carts dominate busy street corners. In the chic Recoleta district, professional dog-walkers trail behind gaggles of canines while their owners – thin women of impeccable taste – move between boutique, private gallery and exclusive pastry shop.

All interesting enough, considering the continent that surrounds it. But there are hundreds of such middle-class cities about. And, quite frankly, there does not seem to be much left of the once-touted romance of Argentina.

It has been swallowed in the noise and traffic of a megalopolis. The days of the gaucho are long gone, as are the huge fortunes that were made on the pampa through wheat and cattle. The playboy Argentine millionaire with his vast *estancia* and polo ponies seems to have disappeared, as have the strains of the tango that used to float through dance-halls and the crowded quarters of the city.

A brutal military dictatorship, a futile war with Britain and a preoccupation with continuing economic crisis seem to have effaced much of the distinctive character of the city. But Buenos Aires has plenty of character, and remains a city like no other. It is a deceptive place. It appears, at first glance, modern, new-world, hard-edged. But that is only a veneer. Unlike US cities, which look to the future, Buenos Aires is much better at remembering its past.

This is essentially a southern European city, often old-fashioned and traditional in outlook. Its inhabitants may move to northern big-city rhythms, but like their Mediterranean forebears they are gregarious, emotional, leisure-loving and sentimental.

Buenos Aires spends much of its time recalling its greatest days and, still further back, its European origins. It is not difficult for the visitor, too, to peel back the layers of the years.

PorteMos – the city's inhabitants – tell you proudly that in the early part of this century Agentina was one of the leading economies of the world, well ahead of such backwaters as Canada or Australia. Money was no object; anything was possible. There is proof of this even in the commercial downtown district, where, above modern ground-floor façades, are bizarre and ornate follies imitative of long-gone European architectural fads.

Nor is Buenos Aires' monumental architecture any more firmly rooted in the new world. Today the grounds around the Palacio del Congresso – Argentina's national congress – are shabby and neglected. Years of economic decline and vast public debt have taken their toll.

But it does not take much imagination to see it as it was – bronze and marble statues reminiscent of Rome's, gardens as noble as those of Paris, public architecture as imposing as Madrid's. Still in magnificent condition today is the nine-story Teatro Colon, imported from Europe block by marble block, tile by gilt tile, and regarded as one of the finest opera houses anywhere.

My favourite old-world haunt, though, was the tree-lined Avenida de Mayo, designed by Spanish architects in the 19th century. Stroll here with elegantly-dressed crowds on a balmy January summer evening, take coffee in Tortoni's wood-panelled and red-leather-upholstered café, and you could not tell that you were not on a boulevard in some elegant southern European city.

If *PorteMos* placed so much importance on things European, it is because they never wholly cut their ties, and remained eternal immigrants on an essentially foreign continent. Between 1860 and 1930 6m Europeans began new lives in Argentina, many settling in Buenos Aires.

White, largely urban and imbued with middle-class values, Argentines feel little affinity for the rest of South America, much of it poor, rural and of mixed, mestizo blood. Nor do Bolivians, Brazilians and other South Americans have great affection for Argentines.

For many who immigrated – half of them Italian, a third Spanish, others German, French, Portuguese and middle-European Jews – a new life in Buenos Aires was moulded by poverty. It was out of the alienation of displaced working people that much of Buenos Aires culture, including the tango, grew.

I did not spend too much time after dark in La Boca, the working-class area down by the old port where Buenos Aires life began for many of the early Italian immigrants. The brothels have gone, knife fights in the bars are less common, and most of the squalid tenement buildings have been pulled down. In the day-time it is a good place to walk to get an idea of the city's beginnings, but at night it is a little rough.

But I did spend more time in San Telmo, another working-class district close by. It is becoming slowly gentrified, its warehouses being turned into artists' studios, its once-crowded dwellings converted to antique shops jammed with family treasures – clocks and porcelain, cast bronze and marble, mirrors and wind-up gramophones – imported by later and wealthier generations of *PorteMos*. But there is still a genuine neighbourhood atmosphere that, for me, brought out the best of the great urban conclave that is Buenos Aires.

I toured the markets with local housewives, watched old men in their undershirts playing dominoes under the trees of the Plaza Dorrego, and kicked a ball in the street with a young crew of future Maradonas. In Des Nivel, a simple little restaurant with plastic table-cloths, 10-gallon wine jugs and a vast charcoal grill, I ate thick Argentine steak, the tenderest in the world.

Best of all, I found a small place called *A Media Luz* – In the Half Light. There are not many places left these days where you can watch and listen to tango, the sensual dance, the sad songs that for generations of immigrants were the expression of absence and loss.

But the elderly *PorteMos* gathered in *A Media Luz* not only knew the music, they remembered the words and sang them with tears in their eyes. For all its modern bustle, Buenos Aires is an evocation of the past.

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COUNTRY PROPERTY

LONDON PROPERTY

COUNTRY RENTALS

Cadogan's Place/Gerald Cadogan

Manchester gets a breathing space

Back to basins is a surprise theme for urban renewal in Manchester. The basins belong to the city's many canals and were used by traders and commodity dealers in the 19th and early 20th centuries to unload their goods, cotton chief among them. The bales were taken to red brick warehouses as grand as palaces.

By 1988, however, when the Central Manchester Development Corporation took control of 470 acres, 40 per cent of the land was derelict while the canals were in disrepair or full of contaminated waste. The population was down to 250.

Over the years, the basins had been filled in and built over. Luckily, many of the great warehouses survived. What could be done with them to re-energise the city's heart? The answer was to use the canals – there are eight miles of them in the CMDC's patch – and dig out the basins as open spaces to encourage pleasure craft while converting the warehouses to flats and mixing in new buildings on the quaysides around the basins.

The aim was to clean up the area and provide sophisticated living in historic surroundings in order to lure people back and let central Manchester breathe again.

It is working. There are now about 2,000 residents and there will be 1,040 more from September when a student village opens at the old Dunlop Buildings where Charles Macintosh invented his raincoat around 1823.

Such developers as Housing Projects, Bellway, Macbryde, the Manchester Ship Canal Company itself, Piccadilly Village and Wimpey are thrilled at how their schemes have sold, often right off the plan.

Macbryde is building on Slate Wharf, beside the Bridgewater Canal, and Bellway at Woollam Place in Liverpool Road, opposite the world's first passenger railway station. Flats in these developments start at around £50,000.

The smartest conversion – and selling fast, although only a few days on the market – is a warehouse beside the Rochdale Canal at 42-44 Sackville St.

The Manhattan Loft Corporation, fresh from successes in London at Summers Street in Clerkenwell and Wardour Street in Soho, is turning a superb building – rich in beams, cast iron and high ceilings – into 35 shell flats which buyers will finish themselves. Prices from £54,000.

Meanwhile, if you are a developer looking for a warehouse to convert, the CMDC (061-236 1166) will be happy to suggest some.

□ □ □

The May figures of the Corporate Estate Agents property index, based on data from 4,100 offices (with about half the country's estate agency business), show a sliding market. Agreed sales fell 3.6 per cent and completed sales 4.9 per cent compared with April – which itself was 10.4 and 11.2 per cent down on March, the best month in a long time.

New listings, an important sign of confidence, also fell: 6.5 per cent fewer in May than in April, which was 11.3 per cent down on March.

Despite the overall slide, London is a different story. Winkworth, with 33 offices in the capital, reports that sales agreed rose 40 per cent from January to March, fell 21 per cent in April, and recovered 9 per cent in May.

Noting 20 per cent price rises in central London since October 1993, 10 per cent in Battersea, Fulham, Hammersmith and Islington, and "significant" increases further out, Winkworth expects prices to peak in the next month and then perhaps to fall back slightly in the second half of the year when, normally, fewer people try to buy.

□ □ □

Two modernist 1930s' houses are on the market. F.R.S. Yorke (of Yorke Rosenberg and Mardall, now the Y.R.M. Partnership) designed Torilla in Hatfield, Hertfordshire, when he was 27. Listed grade II*, it needs work to restore it as a gem of the enlightenment between the wars. Rumball Sedgwick (0727-852 384) asks around £220,000.

In St John's Wood, north London David Stokes built 5 Cochrane Street NW8 in 1937 and has been there ever since. Now, though, it is time to sell. Brian Lack (071-586 5929) asks £495,000.

Conservation

It's the mixture as before

*Lime was used to make mortar 3,000 years ago. Now, it is causing a minor revolution in the building trade, says **Clive Fewins***

There is a minor revolution going on in the building trade. At the heart of it is a four-letter word, the roots of which go back even further than those four-letter Anglo-Saxon words much favoured by British workmen.

The word is lime. For approaching 20 years it has been much favoured in building conservation circles, but the problem has been one of converting the ordinary builder back to lime, according to masonry consultant Bob Bennett.

Bennett runs the Lime Centre, a small enterprise dedicated to training people in the use of this most ancient of building materials.

"Man has been using lime for 3,000 years," he says. "Cement is a mere passing phase. Unfortunately, since the second world war when cement became widely known through its use in concrete defences not only builders but also private individuals have turned to it for repairs to traditional buildings.

"Usually, this is all wrong. Almost all these buildings were built with lime mortar, which is far less harsh than cement, more forgiving and, above all, allows buildings to breathe."

Lime is on the way back, though. It began in the mid-1970s with the start of a 12-year programme of conservation on the west front of Wells Cathedral in Somerset, and now there is a handful of experts who, like Bennett, run regular courses on using this material. At the Lime Centre, Bennett's fortnightly courses attract private individuals as well as builders, architects, conservation officers and other interested professionals.

In the Chilterns, building conservator Ian Pritchett runs similar courses. Like Bennett, he slakes lime and supplies it to specialist restorers.

"We seem to be gaining more enlightened clients on our courses all the time – especially surveyors – but we could still do with more builders," he says.

Near Stroud, in Gloucestershire, Woodchester Mansion Trust is using the unfinished Victorian mansion there as a focus for the revival of traditional building skills. The trust runs occasional courses on the use of lime mortars in stone buildings.

And, at Gosport in Hampshire, the English Heritage Conservation training centre at Fort Brockworth also runs courses based on the use of lime.

The key to the "back to lime" philosophy is the fact that old buildings breathe. In the past, it was accepted that this happened because of the vapour-permeable nature of lime mortar, which means that moisture absorbed by the fabric emerged through the joints. Insert a modern pointing of Portland cement in an old wall and damp is likely to stay in the wall, say the proponents of lime.

"If a wall can't breathe the result is often damage to brick and stonework – or even to the whole wall," says Bennett. "The answer, particularly in older buildings, is to replace like with like – which usually means lime.

"People forget that until the coming of Portland cement in 1824 lime was in common use in the construction of virtually all buildings.

"The ancient Egyptians used it, the Greeks appreciated its qualities and, in this country, the Romans used it very widely, and many buildings right up until the outbreak of war in 1939 were built with lime mortar."

In the widespread move back to lime mortars, many builders still resist the trend, according to architect Rodney Black of East Bergholt, Suffolk, who has been specifying lime mortar for work on traditional buildings.

"Many builders avoid lime mortars if possible because they are slower to lay than cement mortars," he says.

In some parts of the country, however, their use has barely died out. In Devon, where many of the older buildings are made of cob – a mixture of clay and straw – large quantities of lime were always used. Builder Kevin McCabe, of Colyton, near Honiton, is one of a handful of builders who has always used lime on old buildings.

For several years, he has done his own slaking. "It is a cheap, relatively quick process and you know exactly what you are going to get," he says. In spite of the lime revival, however, it is still unusual nowadays for builders to slake their own lime.

"Lime has such a good track record. It should not be taken as read that all new building developments are necessarily better than the original," says McCabe.

■ *Information: The Building Limes Forum, 2 Cross Cottage, Kiddington, Oxfordshire OX20 1BN; The Lime Centre, Long Barn, Morestead, Winchester, SO21 1LZ; Building conservation training courses, Fort Brockhurst, c/o English Heritage Room 528, Keysign House, 429 Oxford Street, London W1R 2HD.*

L.J.P. Building Conservation, Hollow Tree Cottage, Binfield Heath, Henley-on-Thames, Oxfordshire RG9 4LR; Woodchester Mansion Trust, 1 The Old Town Hall, High Street, Stroud, Gloucestershire GL5 1AP.

Villagers at Blewbury, Berkshire, rebuilding a chalk cob wall

An outsider who never quite made it

***Malcolm Rutherford** on the politician from Birmingham who exercised influence without much power*

The life of Joseph Chamberlain was so full and varied that his official biographer, J.L. Garvin, needed 15 years to complete the first three volumes, then gave up. Julian Amery picked up the baton and took another 20 years to complete the story. Amery's work was published in 1969. There have been other, shorter books, but the long, detached study comes only now from the North American historian, Peter T. Marsh.

One can see the difficulties. Chamberlain conforms to no recognisable pattern in British politics. He grew up in London, but made his name in Birmingham. He left school at 16, but was already pretty well educated. His father put him into business. In Birmingham he became known as the screw king, because it was screws that his companies manufactured. He was arguably the most successful mayor in the history of British local government. Under his stewardship in the mid-1870s, no corner or institution in Birmingham was left untouched by his reforms.

Then he went into national politics. For a time he flirted with Newcastle, and had a fling at Sheffield where he failed. So he fell back on Birmingham which provided his political base for the rest of his life.

The political society of the time did not understand such an outsider. London's reaction to Chamberlain was distinctly snobbish. There was a terrible row about his putting up his relatives for the Reform Club. Years later, when he was Colonial Secretary and in the absence of the prime minister had to entertain the Kaiser at Windsor with the Queen, a foreign office mandarin noted: "We can only hope that Birmingham has not given himself away." In short, he was thought to be unsophisticated.

His political career, though it had some peaks, was turbulent throughout. Some of the troughs, and the reason why he did not make it to Downing Street, were undoubtedly of his own making. Chamberlain was initially e radical Liberal, mnch more so than Gladstone. But, as Marsh demonstrates, it was more his personal rivalry with Gladstone rather than a difference of political beliefs that led to the two men falling out. Chamberlain could have

JOSEPH CHAMBERLAIN: ENTREPRENEUR IN POLITICS
by Peter T. Marsh
Yale University Press, 725 pages

sought a compromise on Irish policy; instead he became a Unionist, Gladstone stuck to Home Rule and the party split. The other result was that Gladstone stayed as leader.

Chamberlain was to change his mind again, and damage other parties, on other subjects. He became the great imperialist and advocate of tariff reform, having once been in favour of free trade. He may thus go down as a wrecker rather than as a politician of achievement. Yet there is something in the phrase that he exercised influence without much power. Most of the social reforms of the late 19th century had something to do with him: education, pensions, compensation for industrial accidents. He was politically astute in realising that tha Conservatives could be a reforming party because they drew support from both ends of the social spectrum.

There were more tangible monuments. Chamberlain founded the University of Birmingham. As Colonial Secretary he was a great promoter of tropical medicine. He was partly responsible for the founding of the state of Nigeria.

True, there are murkier sides. Even now it is still not clear how far he gave implicit encouragement to the Jameson raid in South Africa; certainly he gave a very indiscreet briefing to the African correspondent of *The Times*, who had a direct line to Cecil Rhodes.

On the whole, however, Chamberlain was his own man. Winston Churchill wrote of him in *Great Contemporaries* in 1937: in British affairs "Joe was the one who made the weather". Marsh adds perceptively: "But no man could change the climate". The rest of the country was not like Birmingham.

Chamberlain's entrepreneurial career peaked in the mid-1870s, just as the US and Germany were beginning to overtake Britain's industrial capacity.

In politics he thought that the development of the empire could be used to raise the standard of living of the British working class. In the most devastating comment of all, Marsh concludes that the industrialist turned statesman thus overlooked the technological advances being made elsewhere. He turned his back on innovation.

The truth is that Chamberlain had the good German virtues. He admired Bismarck for his social policies and belief in education, but became an imperialist partly because he did not want British possessions overseas to pass to the Germans. Chamberlain remained essentially a loner: the nicest story about him is that musically he was so tone deaf that, even as the arch man of empire, he could not recognise the national anthem.

Versailles to Savile Row

***Brian Sewell** takes the suit to task*

This genteel history of the suit, modelled on the limp volumes of belles lettres and collected aphorisms that in the 1920s littered the lavatories and lesser bedrooms of the country house, ends on a "Naughty-naughty, tut-tut" note – "it is," avers the writer, "rude to be ill-dressed. It is particularly rude to dress squalidly at the opera..." A three-button-coated dark suit from Marks and Spencer is strongly recommended.

As one who weeps at almost every opera, I should look and feel twice as foolish in a suit as I do in the crumpled sweater that engages Master Amies' despite. A suit demands a stiff upper lip and a straight back, but Mimi demands that I be reduced to a sobbing heap slumped in my stall, and for that a suit is far from suitable.

The Master traces the history of coat, trousers and vest from the Versailles of the Sun King to Savile Row; he touches it with great events and famous men as taste swings this way and that across the Channel, with fops and clowns and macaroni, with Brummell and the Comte d'Orsay, and with assorted asses playing Prince of Wales. In 1934, within these pages, the history of the suit becomes the history of Hardy Amies, and Burton, Hepworth, Tommy Nutter and the flashy Mr Fish swim into view.

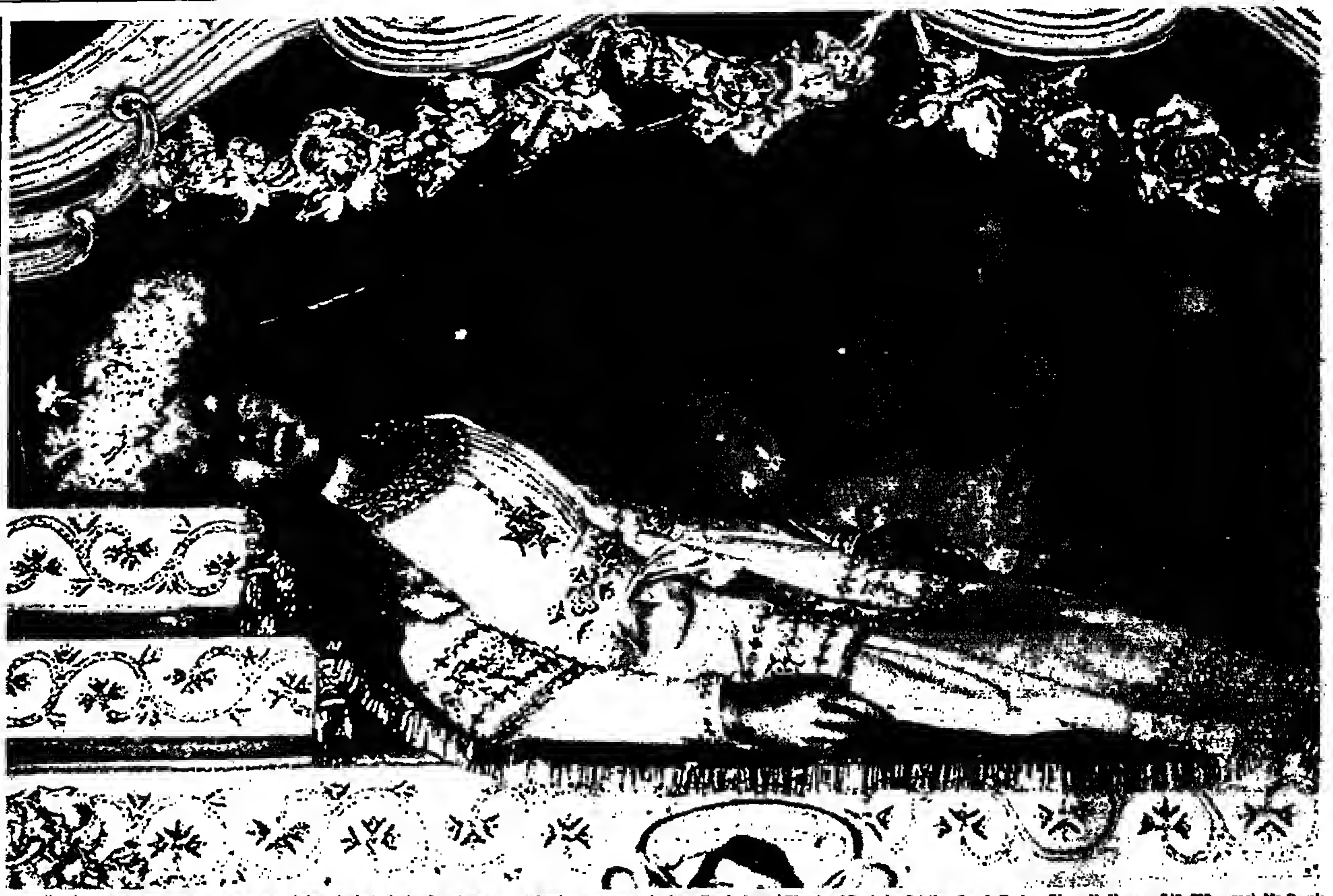
The thread breaks from time to time, giving way to disconnected jottings and asides on class, tradition, the National Trust, Country Life, daffodils and daisies – "Latin should be taught intelligently and interestingly in every school;" the high-toned English too breaks down, gentlemen become gents, their suits gear, and we "get back to basics" with strictures on the shirt and tie and coy diversions into underpants.

The repeated justification for this book and the life and work of the Master is the snobbish refrain that the suit is the dress of the gentleman – but it is also, the doubter must observe, the dress of the politician who wishes to be mistaken for a gentleman, too easily camouflaged by expert tailors, manicurists

THE ENGLISHMAN'S SUIT
by Hardy Amies
Quartet £12, 120 pages

and the hairdresser (Mrs Thatcher's cabinets were full of them), and for the businessman it is a uniform.

Politics, business and the London club secure the future of the suit well into the next millennium, prophesies the Master; as one for whom it seems the most grotesque and impractical of garments, quite hopeless for walking dogs, listening to opera, eating in cool comfort, driving a car, painting pictures or enduring travel in an aeroplane, I wish that he would turn his attention to other forms of formal dress and I commend the cassock that I wore as altar boy, a thing of tailored dove grey silk, a thousand buttons from throat to ankle, a touch of lawn about the neck – no puzzle-bugger jacketed suit could ever match its easy elegance.



A small child gazes transfixed at the shrine of Saint Minnia in Brión, Galicia: one of 187 colour photographs from Festivals and Rituals of Spain by Cristina García Rodero (Harry N. Abrams, £40, 298 pages). Ms García Rodero, professor of photography at the University of Madrid, has captured the rich fusion of ancient pagan ritual and solemn religious rite with its parade of jesters, maskers, penitents and carousers in an apparently endless cycle of celebrations. The poet and novelist J. M. Caballero Bonald provides the introduction and a map shows the locations of the villages photographed, most of them unknown to tourists.

African journeys

***J.D.F.Jones** discovers a classic-in-waiting*

Dan Jacobson has taken time off from his crafted and distinguished novels to go home – home to Kimberley, the diamond town, and thence to travel up the "Missionary Road", that ancient African route which slips between the Kalahari and the Boers and finishes at the Zambesi and the Victoria Falls.

It is not one of the region's finer scenic routes, featuring as it does countless miles of thorn, sand and scrub, so Jacobson has to explain that he was attracted to the journey in part by its historical interest, in part by its personal reference – "that half-known, half-feared region which had lain forbiddingly on the very doorstep of the Africa I had grown up in". We are to be taken back, then, to the scene of his early – brilliant – novels, before he graduated to a London professorial chair and ambitious novels on Old Testament themes. The best thing in *The Electronic Elephant* is his description of tha Northern Cape veld, which sends us back after all these years to *A Dance in the Sun* and its images of a furious Afrikaner isolation.

The route to the north was indeed important to the 19th-century missionaries, who were in the vanguard of colonial conquest. "The Livingstone Liquor Stall" in Campbell, near Griquatown, is a reminder of the presiding genius of the tale. It is a road, argues Jacobson, littered with the wreckage of successive ideologies: European imperialism, Boer nationalism, Victorian racialism, apartheid, African liberation, Marxism – and Christianity, which alone has survived, and prospered, in its peculiar African styles. In a lovely scene in the Kuruman mission church the secular-Jewish Jacobson and his atheist wife are the only congregation at the Easter service: "Making sense of my presence there was impossible; impossible also not to feel the strangest mixture of wonder, embarrassment, mirth, fraudulence, compassion for our hosts, even a kind of protectiveness towards them".

This is, as you would expect, a journey informed by the novelist's eye. He encounters Bushman soldiers brought

THE ELECTRONIC ELEPHANT
by Dan Jacobson
Hamish Hamilton £17.99, 373 pages

HAPPY SAD LAND
by Mark McCrum
Sinclair-Stevenson £16.99, 455 pages

INNOCENTS IN AFRICA
by Drury Pifer
Granta Books £15.99, 338 pages

back for their safety from Angola by the South African Defence Forces whose forebears had massacred them to near-extinction (It is, as he says, "surreal"); he meets a group of far-Right Afrikaners who are preparing for their own ethnic, on-screen state; he returns, always, to the history of these obscure territories; he notes that it was platinum as well as tourism which transformed the economy of President Mangope's Bophuthatswana; he has the expatriate white South African's gentle scepticism of the future ("A 'non-racial' South Africa? One might as well talk of breeding a kosher pig...")

When he moves out of the Republic he is less confident: he does not respond to Botswana and is ill at ease in Zimbabwe. The single map is inadequate, the absence of an index is regrettable, and he can't spell Mmabatho.

*

Mark McCrum has published the story of another journey around Southern Africa. The scheme is simple: McCrum spent time in Botswana as a teenager in 1977 and liked it; 15 years later he went back. Cue to a pleasantly readable account of his travels and his undramatic adventures. McCrum has a good ear for dialogue and does not take himself too seriously. *Happy Sad Land* makes an interesting, relaxed, unessential read for anyone interested in that part of the world. He can't spell Van Zyl Slabbert.

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The best of the bunch, the surprise, the curiosity from out of the blue, the classic-in-waiting, is Drury Pifer's *Innocents in Africa*. Pifer is an American, a playwright who was brought up in Southern Africa in the 1930s as son of e mining engineer who was employed on the Rand, in Kimberley, in South-west Africa, and then in Kimberley again.

Pifer has produced an entrancing memoir of childhood in pre-apartheid days. This book, written with superb precision and elegance, its recall of detail based on access to his beloved mother's letters home, is utterly fascinating about the South Africa of those pre-war years, yet it is more than this, it evokes and recreates the intimacy of the life of a happy family of half-a-century ago. The fact that they were Americans gives a unique view of the English-Afrikaner tensions of those formative years, but the deeper subject is its poetic recapture of the experiences of childhood which most of us never recall in more than fragments.

The Pifers went back to America at the end of the war. "It didn't occur to us that this journey out of Africa was the last time we would find ourselves together and happy, day after day, perfectly matched in our non-stop prattle and familiar love..." The boy never went back.

Innocents in Africa deserves a much longer review: let this be a shorthand recommendation of a wonderful book. He can't spell Japie.

Society versus self

***A.C. Grayling** considers rights and responsibilities*

A chord is immediately struck by Selbourne's claim that the contemporary social order is corrupted by its overemphasis on rights and demands, and by his call for a new order based on civic bonds of duty. No doubt many will immediately see the welfare scrounger as the paradigm of what Selbourne attacks; but his views apply equally to those whose self-enrichment is made possible by the protection of society, but who resent contributing, whether through taxation or otherwise, to its common good.

Selbourne's diagnosis of society's present disease is telling, and although his prescription for its remedy is not novel, it is timely and compelling. In an earlier work, *The Spirit of The Age*, he described the collapse of society into a "phantom order" from which meaningful social relationships have vanished. In this new work he argues for a revitalised civic order based on principles of duty and obligation. Both the right and the old left in politics are roundly criticised for their role in the collapse of society, and Selbourne offers in their place what he calls "social-ism", written with a hyphen to show that it is not the old socialist theory which "reduces mankind to the level of the barrack-room", but a reawakened civil polity which opposes the greed and self-interest of individualism, the primary cause, in Selbourne's view, of the wreck of our civil polity.

Society, Selbourne argues, is in a state of collapse and "disaggregation" because it has espoused an amoral politics of "dutiless" rights and freedoms. Emphasis on rights without duties, demand-satisfaction and self-realisation through unfettered freedom, has created a moral vacuum. When the dutiless individual calculates how to act, mere self interest is his only criterion. In such circumstances no civic order can flourish.

Selbourne's solution is to reassert an argument which both the liberal tradition and the common law have long recognised, but has been progressively ignored: that people have duties to themselves, their fellows and society, which are fully the moral equivalent of their rights. This "principle of duty" is an expression of the constraints that membership of society places upon individuals. It identifies their obligations and ways of ensuring that they are observed.

Our duties include, says Selbourne, pursuing a livelihood and making ourselves informed; caring for the members of our families; respecting

THE PRINCIPLE OF DUTY
by David Selbourne
Sinclair-Stevenson £15, 288 pages

and helping others; and "bestowing pains upon the preservation of the civic order". There is also a duty to conserve natural resources and society's historic patrimony, and to fulfil obligations of public duty such as undertaking military service when necessary, sitting on juries, and contributing to pnblic funds by taxation. Selbourne proposes a variety of sanctions for those who fail in these duties, based on loss of rights and privileges in various ways including those already familiar.

Some, especially on the left in politics – Selbourne's own natural terrain – will find some of these ideas reactionary. They have certainly been unfashionable for long enough to make their revival a novelty. Politicians on the right occasionally table-thump about duties and respect for society when addressing Party Conferences on law and order issues, but never when talking about taxation, long-term investment, or public spending on education and health. Mrs Thatcher famously denied the very existence of society, suggesting thereby that it is the individualism of the right which is most dismissive and destructive of social ties.

But Selbourne is correct: only where there is a strong sense of a civic bond between people, with all having a lively mutual sense of values, can there be e flourishing and progressive social order. A model is provided by memories of wartime, or at least the more nostalgic versions of its camaraderie, its sense of community end cooperation. However dewy-eyed the ideal might be, one cannot call it unworthy.

There are of course problems with Selbourne's picture. His views are right; the difficulty is how to implement them. Society is so uneasily plural and fragmented, its members so divisively sold on the supreme value of getting and having; how can one be sanguine? Selbourne's vision is one at which a pre-industrial city-state might aim, if its leaders and teachers were honest and its economy such that competition among its members rarely involved conflict and anxiety – the twin spectres of the market place, where only some can be winners. But can vastly populous, fissiparous, strident modern societies, brought up – at least during this last decade and a half – on a particularly naked version of the politics of self-interest, hope to change?

Hostile critics will claim that Selbourne is being self-importantly oracular in this book, offering it as a gospel for an anxiously waiting world. But charges of pretension will be misplaced; he has tried to think his way not just into the theory of a better social order, but of its practicalities. There is much in what he says that demands and deserves very careful thought.

Fiction/Joan Smith

The limits of love

Margaret Forster's novels catalogue the anxieties of family life: conflicts between generations, the impact of Alzheimer's disease, the rights and wrongs of mixed-race adoption. Her new novel marks a shift in emphasis, moving from the internal politics of individual families to the impact on them of outside svents over which they have no control.

Joe, an introverted 15-year-old living in a quiet northern town, is the victim of a vicious and unprovoked attack by two youths. Forster holds back the nastiest detail of the assault for around a hundred pages, placing the reader in the same position as the confused relatives who observe Joe's traumatised state without fully understanding it.

As Joe's parents, Harriet and Sam, struggle to help him recover, another family in a nearby town is facing a different ordeal. Sheila is the grandmother, in effect the mother, of one of the teenagers convicted of the attack; she brought him up after her own daughter died. Thus Forster sets the scene for a novel about mother love, and about the fierce protectiveness both women feel towards the boys they have brought up – a protectiveness which, far from helping them to understand what has happened, actually gets in the way of it.

For the heart of this novel, unusually for Forster, is not illumination but its opposite. It has a fly-on-the-wall quality, exposing the women's inner lives and even bringing them together in an ineffectual attempt at mutual understanding. Yet all Forster seems to be offering is a statement about the limits of unconditional love. Clearly *Mother's Boys* does not set out to offer resolution, or even plot development, but even as gifted a writer as Margaret Forster is not able to overcome the *longueurs* inherent in a novel whose keynote is bewilderment.

MOTHER'S BOYS
by Margaret Forster
Chatto & Windus £14.99, 313 pages

THE BINGO PALACE
by Louise Erdrich
Flamingo £14.99, 274 pages

There is no lack of plot in *The Bingo Palace*, the fourth in Louise Erdrich's quartet of novels abont the Chippewa Indians of North Dakota. The book is essentially a love story in which a young drifter, Lipsha Morrissey, competes with Lyman Lamartine, his boss and half-brother (or possibly his half-uncle), for the love of Shawnee Ray, a gifted seamstress who is also the mother of Lyman's illegitimate son.

The novel is set on an Indian Reservation whose inhabitants simultaneously live in tha mundane present (Lyman is the owner of the Reservation's chief attraction, a bingo hall) and a mythic past. Erdrich has written about this past in the earlier novels, demonstrating the way in which the Indians' continual creation of myth – making themselves larger than life, endowing themselves with supernatural powers – was a means of compensating for the bitter reality of the white settlers' decimation of the tribe.

The problem with *The Bingo Palace* is that it displays no ironic datachment. What seemed in the earlier books a celebration of tradition now feels like whimsical folkiness; we are continually presented with characters who refuse to die or who possess magical powers. Erdrich's writing strains after effect, imposing mystical interpretations on everyday events like birth and death: "The red rope between the mother and her baby is the hope of our nation. It pulls, it sings, it snags, it feeds and holds. How it holds." This is all the more disappointing because Erdrich is a talented writer. Perhaps she has come up against a present which she is at a loss to interpret, and has fallen back on a narrative style whose limitations are now obvious. It will be interesting to see what she does now, and whether she can escape from her self-created cul-de-sac of Reservation chic.

Why maestros don't throw wobblies

***Antony Thorncroft** explains the different rules governing classical and pop recordings*

We all know that pop stars spend as mnch time in conrt as in the studios and that there are few artists who have not at some time fallen out with their record companies over royalties and advances. But could the same *thing happen in the classical* field; could Pavarotti throw a George Michael-style wobbly and take Decca, his recording company, to court?

In general, the classical departments of the record companies are considerably more rarified environments than their pop counterparts: there is still an over-riding commitment to art for art's sake. Profits are perceived as less important than the wonderful creations that they are laying down for posterity. In practice, this has meant that the classical departments of the large record companies are loss-making and they have been subsidised by the more lucrative pop sections.

The rules that govern classical music recordings are, in most cases, the complete opposite of the *cut-and-thrust* workings of the pop business. It is the classical artists, especially the handful of established divas and maestros, who have tha record labels over the financial barrel. When the maestro coughs, the record executives jump.

In pop, major stars tend to earn most of their fortunes from their records and use live performances to promote the sales of albums whereas a prestigious record contract is a useful promotion for the source of the real money in classical music – the concert halls and the stages of the opera houses. A handful of big name stars – Pavarotti, Domingo, Kiri te Kanawa, etc – have quickly learned to exploit their commercial appeal and moved out of the opera house clique toto the entertainment media, with vast open air concerts, emphasising the superior earning potential of the live performance for the classical star.

In pop, talent scouts scour the country in search of new acts which they strive to exploit quickly during the brief period of their fashionabla shelf-life. In classical music, companies like Philips have been known to sign up young tyros and then hold them in creative suspension for years until they feel that their musical skills have reached a sustainable pitch.

They might then nurse them, and their loss-making recordings, for many more years until concert performances have finally delivered a revered reputation. Classic contracts inevitably tend to be for long periods, with the knowledge that when the breakthrough comes, sales tick over for decades. Most of the annual revenue on the classical side comes from recordings made long ago.

In pop, companies jealously guard their artists and are reluctant to let them record for rivals while top conductors and classical soloists take periodic "holidays" to make occasional albums with competitors. Classical companies accept the tradition of lending artists to other labels.

In pop, record companies want their artists to keep churning out repeats of their last hits. An established classical artist, however, can virtually perform what he or she chooses and there is a greater reluctance to force artists into the studio to complete a contract. If the inspiration has gone, the label accepts the loss.

Record companies have regarded their classical subsidiaries as cultural icons ensuring prestige rather than profits, which take years to accumulate, and much depends on the good personal relationship between artists, agents and record company personnel. Loyalties are generally enduring: Pavarotti has been with Decca for thirty years.

Classical albums might sell annually in their hundreds, rather than the hundreds of thousands of a pop hit, but they keep on selling. The £500,000 recording cost of a major opera might be amortised over 20 years. Advances are generally low – £5,000 for a newly signed artist – but there are no deductions. A new pop act might be dazzled by a £250,000 advance but by the time the cost of studio time, promotional video, and markating have been deducted there is often little left.

Unlike the pop industry, the classical world is selling repertoire rather than a name. Stars are important – on their broad backs the record labels hope to off-load to the shops the low priced, economically produced, recordings from eastern Europe and elsewhere, which supply music rather than masterpieces. But the serious enthusiast of classical music buys a sound rather than an over-hyped reputation.

There have been whispers that the gentlemanly idiosyncracies of the classical companies are under threat and the emergence of Sony, George Michael's label, which acquired CBS, has caused some unease. Its Japanese management has a passion for classical music and poured millions into building up the American record company's rather lack-lustre classical catalogue. There was also a spell of unfamiliar "poaching" from other labels and advances were inflated throughout the classical world. Some of Sony's more costly commitments sadly back fired – both Von Karajan and Horowitz, lured from DG, died before they could record for their new masters – but the new Sony list is impressive: Maazel, Mehta, Abbado, Muti, Barenboim and Giulini, and the Berlin Philharmonic. The company has yet to translate its investment toto an increased share of the market.

The sudden phenomenon of the classical hit also caused ripples. The money men at head office received a jolt when Pavarotti and the Tenors, Nigel Kennedy, Gorecki, Tavener and, this year, Spanish monks chanting the Gregorian ritual, suddenly started to sell in pop-like proportions. Bnt excited board room speculation that classical music could be the much-needed new musical craze were soon scuppered by sales figures. Even in recent years classical music has never managed to rise above 9 per cent of total record sales.

Most classical artists will still be more interested in developing a satisfyingly long creative career than cashing in their skills. The very limitations in the size of the business inhibit financial excess. Specialist record labels, like Conifer, which attracts artists who share its interest in exciting interpretations of the classics, know that they cannot afford to embark on an auction.

Agents, too, want long careers for their artists: not a pop star's brief hour in the spotlight. Joeske Van Walsam protects his artists from signing recording contracts because he feels they have not yet achieved the required meturity. Pop music sold its commercial soul to the devil decades ago; in classical music there is still some integrity. That is one advantage in being a minority taste.

Arch Higgins and Jenifer Ringer in New York City Ballet's 'Correlazione' by Miriam Mahdaviani, part of the company's Diamond Project Paul Kilnik

Dancing into difficulties

*American ballet companies are losing their way, says **Joan Acocella***

Last December *The Red Shoes*, a musical comedy based on the world's most famous ballet movie, opened and closed on Broadway. It says something about the current state of ballet in New York that, a few months later, both of our major ballet companies were found serving up the funeral meats cold. At American Ballet Theatre, one of the spring season's featured offerings – indeed, a trumpeted event, with five performances added ("by popular demand") before it even opened – was the silly little ballet that the modern dance choreographer Lar Lubovitch had created for that musical.

Meanwhile, the star of *The Red Shoes*, Margaret Illmann of the National Ballet of Canada, apparently no sooner got back to Toronto and fed her cat than she got a call from New York City Ballet. Not to be outdone in the *Red Shoes* salvage department, NYCB invited her to dance three guest performances during the spring season.

A glamorous past, an aimless present feeding off that past while trying to figure out whether there is going to be any future – thet, right now, is the story of ballet in New York.

In addition to *The Red Shoes*, ABT dredged up Antony Tudor's 1963 *Echoing of Trumpets*, a highly sensationalist anti-war ballet (Nazis, gang rape on point) and produced James Kudelka's *Cruel World* (to Tchaikovsky's "Souvenir de Florence"), a highly sensationalist new ballet not about war but about how many slam-bang gymnastic pas de deux – with the woman spun, swung, flung, caught at the last possible second – you can pack into one ballet. Six, as I recall.

An aimless present, feeding off a glamorous past while trying ,to figure out the future, is the story of ballet in New York

But the major event of ABT's season was a new *Nutcracker*, choreographed by company director Kevin McKenzie to a libretto by playwright Wendy Wasserstein *(The Sisters Rosensweig)*. Like so many *Nutcracker*-revisers, Wasserstein has made the ballet more rational, more up-to-date. But above all what she has done is make it more complicated.

This ballet has things no *Nutcracker* has ever needed before: unicorns, Jewish jokes, four ballerinas. Meanwhile, the things a *Nutcracker* does need – a tree that grows, a battle that starts with tha battle music, a party scene where you can tell who the mother is – it doesn't have. Nor are there any interesting dances. The big duet for Clara and her Nutcracker is an almost comically ungainly number. The night I was there, the excellent dancers Ashley Tuttle and Gil Boggs looked as though they were afraid they were going to be killed.

While ABT invested most of its resources in this big, bad production, New York City Ballet put its eggs in twelve little baskets. In 1992, the company staged a festival called tha Diamond Project, in which various choreographers were asked to stage new ballets on a low budget.

This year, the Diamond Project was revived – the company now says it will be a biennial event – and, as before, a great range of choreographers were invited, veterans and tyros, company insiders (Damian Woetzel, Miriam Mahdaviani, Robert LaFosse, Richard Tanner, Peter Martins) and outsiders also (Kevin O'Day, Trey McIntyre, David Allan, Ulysses Dove, Lynn Taylor-Corbett, Anna Laerkesen, John Allyne).

Basically, they produced two kinds of ballets. One was the complication ballet, favoured by the company insiders – a ballet in which classical steps are cut up into a thousand details, a thousand little prettinesses, in the hope, it seems, of distracting the audience from the question of what it all means.

The complication ballet is descended from one aspect of George Balanchine's work, as reinterpreted by his successor as NYCB director, Peter Martins, and it was Martins's contribution to the Diamond Project, *Mozart Piano Concerto*, that provided the purest example. In the slow movement, the principal dancers had so many niceties to cope with – turns tilted and twisted and embellished and reversed halfway through – that they could barely dance. This was not a ballet; it was a teacup – Louis XV.

More popular with the audience was the genre favoured by the outsider choreographers: the alienation ballet. This, too, I believe. is descended from Balanchine – from his stark "leotard" ballets – but remotely. Its true father is William Forsythe, the American choreographer who has had such a success in Europe. In any case, what it looks like is a Calvin Klein advertisement. To jarring music (Bartók, electric violins) stylish-looking young people stand around in unitards looking sexy and disaffected. Occasionally, they dancs with each other; often they dance alone, and then get bored and walk off stage.

A few promising pieces issued from these unpromising molds – Miriam Mahdaviani's *Correlazione*, Richard Tanner's *Episodes & Sarcasms*, Kevin O'Day's *Viola Alone* – but that is three out of 12, and all three needed more work. In a ballet world nearly void of interesting new choreography, the Diamond Project sounds like a good idea – throw everybody into the pool, see who swims – but perhaps it isn't. With so many choreographers, each is given too small an honour, too small a challenge, and this may have contributed to the extreme conventionality of their works. The company would probahly be better served by operating in the usual way: commissioning two or three works and thus placing serious bets.

Apart from its general mediocrity, what struck one about the new ballet choreography this spring was how very difficult it was. Dancers pirouetted with their legs crossed; they somersaulted off their partners' shoulders; they sweated and gaped. These are not the kinds of exertions that keep ballet companies in shape. Both ABT and NYCB are fielding some thrilling young dancers – notably, Ethan Stiefel and Jennifer Ringer at NYCB and Paloma Herrera and Ashley Tuttle at ABT – at the same time thet general company standards are falling.

In a recent performance of Balanchine's *Mozartiana* at NYCB, the four woman corps moved as if through custard. For this situation, various reasons have been advanced, including the death of Balanchine and other revered masters. (*"All our icons in the* dance have pretty much passed on," ABT principal Cheryl Yeager said in a recent interview with Dance Magazine. "We don't have to cut off our heads to be ballet dancers any more.") The decline will only be hastened, however, if choreographers, looking for something striking to do, create steps so difficult thet they cannot shape or phrase them – in effect, cannot dance them – but only hope to get through them somehow.

Off the Wall/**Antony Thorncroft**

Face-lift for listed National Theatre

On Thursday Heritage Secretary Peter Brooke declared the National Theatre on London's South Bank a listed building. And on Thursday Richard Eyre, the NT's director, announced that Sir Denys Lasdun's unloved creation was to be subject to a substantial face-lift.

Time may improve the look *of the National but concrete* brutalism, circa 1970, is currently out of popular favour. Richard Eyre's diplomatic embellishments, which include closing the ugly road that circles the place and knocking down a superfluous walkway to create a square stretching to the river, are a small step in the right direction. Sealing and cleaning tha concrete before it starts to crumble may also soften the over-riding menace *of the fly tower.*

So here is an artistic re-development to be warmly welcomed. And although it is dangerous to distribute Lottery money before a pound has actually been staked, the National must stand a good chance of being an early beneficiary. For of course Richard Eyre can only afford his £7m refurbishment if he gets Lottery aid.

He anticipates raising £3.5m *from the National's friends* with the rest coming either as a millennium project or from the Arts Council's Lottery funds. The National is enjoying an artistic flowering; it runs a tight ship financially and never publicly asks for more subsidy; the building is more successful inside than out and money will be spent here. This seems a Lottery project with a favourable wind behind it.

Adding to its prospects was the news that Peter Brooke and his fellow Millennium Medici's have decided to devote some of the £100m plus a year they will distribute to smaller *projects, as well* as a *dozen* major schemes. The National's £3.5m falls neatly into this category if its alternative source, the Arts Council, should prove unexpectedly difficult.

Peter Brooke has shed some light on his thinking. The number of substantial millennium projects has been raised from the rumoured eight to a dozen, which should encourage the more peripheral projects like the Chester auditorium and Albertropolis. As expected, he intends to support bursaries. He also gave tentative backing for the idea of a major festival on the lines of the 1851 Great Exhibition. Surely no tima can be wasted if this project is going to be a serious contender rather than a half-cocked diversion.

★

When Charlie Allsopp calls to order the saleroom at Christie's at 7pm on Monday even*ing and takes bids on a tiny* Boudin landscape, the art world will hold its breath. This auction of post-1870 art, taken with a similar offering at Sotheby's on Tuesday, will *determine the fate of the sea*son.

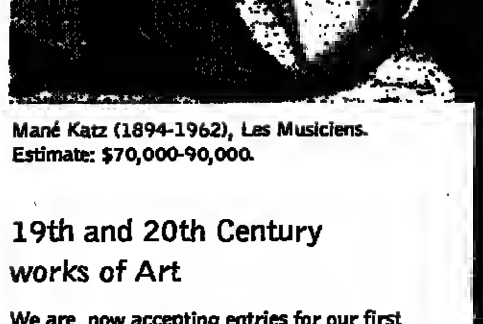
Here is an artistic development to be warmly welcomed

In the good old days, £50m and more might be raised from an hour's frantic dealing at this annual summer sale. Now both auction houses will be happy to bring in half that. The auctions are very selective, with just 50 or so lots at each. Vendors have been persuaded to accept modest reserves. Tha pictures are mainly fresh on the market, with *enticing historical pedigrees*. The preparations have been meticulous, for another disaster could set back the price recovery in art for another year.

Christie's has the good later stuff, including one of the eight Atelier pictures that Braque painted in the 1950s. It sold Atelier VIII for £4.3m in 1992, when the market was at rock bottom. The top estimate of £3.5m for Atelier V shows *excessive caution.*

Sotheby's has the better earlier works, including the first sketchy version of Manet's most important composition, that bar girl at the Follies-Bergère, a star of the Courtauld collection. The £3m estimate seems modest. Tha othar Sotheby's gem is one of the ten paintings of poplars Monet completed in 1891. Here again £3m is expected. A sign of the times is the £750,000 estimate *on a haunting painting* by Magritte: in 1989 it sold for over $2m.

Perhaps Sotheby's and Christie's will have calls from a mysterious telephone bidder, like the one who transfixed Bonhams' auction of Gothic art last Monday. The sale almost doubled its forecast at £271,000, with a bed designed by Pugin's son Edward in 1865 making £38,500. The new owner of the bed, and much else from the *sale, is that well known Holly*wood Goth, Cher.



ARTS

The purest painter of them all

William Packer admires the later work of Pierre Bonnard

Pierre Bonnard, with a handful of his more-or-less contemporaries – Matissa and Picasso of course, Beckmann, Mondrian and one or two others – is one of the truly great painters of the 20th century. What makes him remarkable within this elite is his quality as the purest painter of them all. That is not to say thet he was not an exquisite draughtsman, but even in this respect we find him suggesting, teasing the image out of a delicate flurry of marks, rather than fixing and delineating it in more conventional graphic fashion.

If his drawing is so painterly, how much more so is his painting itself. For while with Picasso and Matisse, for example, we will always find a quality of drawing in tbe painting – that is to say in the linear statement of an image which only then is painted – with Bonnard the paint on the surface is the image, the image a confection of stroke against stroke, colour against colour, with whatever line there is growing from this process.

The irony is that it was as a graphic artist that Bonnard first made his reputation in his *Nabis* youth in the 1890s. But here again it is in the broader disposition of pattern, tone or colour, mass against mass, flat on the surface, that we find the distinguishing character of the work. Even in the work of his old age, and especially in the domestic interiors and table-top still-lifes, with their frontal, horizontal and vertical emphases, and their exploitation of doors and windows, mirror frame and table edge, we may discover echoes of those same youthful, sophisticated graphic tricks.

It is this work of his old age which provides the substance of the small, beautifully judged and visually ravishing exhibition that now fills the Hayward's upper galleries. Bonnard had been visiting and working in the south of France since the early years of the century. In the spring of 1926, at the age of 58, having decided at last to settle in the sun, he bought the Villa du Bosquet at le Cannet, a small resort close to Cannes on the Cote d'Azur. It was to be not just home and studio but the principal subject and stimulus of his work until his death, some 21 years later.

He did not, of course, confine himself to working only from the house and its garden, but it is the intriguing premise of this exhibition to concentrate on what he did within that limitation. Nothing, bowever, is lost of the variety or scope of his work, for here along with the paintings of his wife, Marthe, taking yat another bath, or of the table laid for lunch, are broadest and most distant of landscapes, looking out high over the garden wall to the sea far balow, and to the blue and purple mountains far beyond.

And in between comes the middle view, up the steps to the terrace, down the garden path to the garden gate and over the wall to the neighbours' rooftops, fields and gardens. The birds feed along the path between the shrubs and bushes: the little dog skips across the grass. Inside the house, tbe tables seem to take us through the hours of the day and the seasons of the year. We tour the house, from dining-room to bathroom, to studio, to bedroom and back to dining-room – the house is not large. Marthe bathes again, sits working at the table, moves across the room, gets ready to go out. The painter looks at himself in the bedroom mirror.

The sense of place is palpable, inescapeable. We feel we know exactly where we are, wbether sitting at tahle, looking out of the window or through from one room to the next, catching just a glimpse of another figure here, a profile there, caught out of the corner of the eye. It is all done through the paint, shimmering and glowing on the surface of the canvas. We are not shown what is there exactly: nothing is described in simple terms, hut rather hinted at, suggested by touch and colour, stroke against stroke.

We are coaxed into a conspiracy of feeling hy which we sense through our eyes, rather than merely see, just how the sunlight hangs in the air, and the shadows fall, and time passes, so softly. We may almost hear the bees hum, and the clock tick. "Brightness falls from the air; Queens have died, young and fair..." Here is a great artist in his full maturity, catching sensation even as it fades. It is magical stuff, and poignant too, as is all great art, for it touches on our mortality. "Dust hath closed Helen's eye..."

'Marthe in the Dining Room' by Pierre Bonnard, 1933; the sense of the place is palpable

Bonnard at le Bosquet: Hayward Gallery, South Bank Centre SE1, until August 29, then on to Newcastle; National Touring Exhibition sponsored by British Telecom.

Whaddaya know, dreams come true

To his surprise, Martin Hoyle enjoys 'Copacabana'

They came to sneer (well, some of us) and stayed to cheer (well, most of them). *Copacabana* is the musical based on the song by Barry Manilow. A tempting precedent for lazy impresarios who can now adapt any number of wall-loved songs into plays and illuminate the West End with such titles as *Ich Grolle Nicht* and *Wake Me Up Before You Go-Go*.

Let it be said at once that those of us who, with the open-mindedness of true criticism, approached this show with dread were pleasantly surprised. If you associate Manilow's music with tha *Weltschmerz* of blue-rinsed matrons in sun-lounges, be reassured that these songs are new, fresh – though a threatened rendering of "I Write the Songs" drew screams of recognition from the audience – and sometimes tuneful.

Roger Redfarn's Plymouth-originated production is cheerful, spectacular, bouncy and shrewdly aimed at its market. Let curmudgeons complain. A show that cribs W.S. Gilbert's joke about composing and decomposing has pedigree.

The framing story concerns a young song-writer, Steve (Gary Wilmot, immensely likable), who dreams up the title song as he strums at the piano. Dissolve into the play within a play; Steve becomes young song-writer Tony who falls for aspirant actress from Tulsa, one Lola (Nicola Dawn). Wa are transported to the interior of the Bodleian Library, Oxford, or possibly Grand Central Station, where a dozen young hopefuls in identical Andrews Sisters hairstyles arrive to make the big time.

This is 1947 Broadway and after auditioning for *South Pacific* and *Brigadoon* Lola is taken on by the Copacabana nightclub. Here she attracts the attention of villainous Rico (Ronald Reagan in a moustache, though the programme calls him Richard Lyndon) and we are dazzled by showgirls in glitter wearing gilded grapes, gold pineapples and what in one case look like ungilded courgettes. "This is the kind of glamour I used to dream about," hreathes Lola. Me too; I would wake up screaming.

Rico says, "Champagne should never be sipped; it should he consumed like life itself – with great passion." His discarded mistress Conchita, also in glitter but no vegetables, is alarmed; she knows the signs. We then enjoy "Bolero de Amor", one of those numbers where the girls wear fishnet stockings on their arms and the men tear their (the girls') skirts off.

Tension mounts as Conchita (nicely played as a fading Chita Rivera type by Anna Nicholas) tries to warn off Lola with philosophy: "Honee, too much dreaming can be dangerous." Rico cruelly counters this with an Oxford linguistic snarl of "Conchita has been telling her putrid lies again."

Drunk with the sophistication of it all, Lola is kidnapped to Havana ("Havana, Cuba?" she asks like another geographically disadvantaged heroine, Sarah Brown in *Guys and Dolls*) where Rico intends to have his way with her.

In Rico's own nightclub, the Tropicana, Conchita and Her Boys (pleated flairs, frilly sleeves and nattily knotted boleros) sing of Havana in terms that recall "It's Nicer in Nice" from *The Boy Friend*.

The full extent of Rico's dastardly intentions towards the humiliated Lola then becomes clear. He forces her into a dance routine where she is captured by lithe-limbed pirates who finger her frills, rather enviously I thought. Tony effects their escape from Rico's clutches and the company does a big number addressed to "Sweet Heaven" which I think reads a little too much into the deity's interest in aberrant showgirls. Back in his apartment young Tony/Steve wakes from his reverie, having fallen in love with his creation, Lola. (A duet, reality and fantasy never quite meeting, provides a moment of genuine charm.)

But lo! The girl whom we have glimpsed in the framing narrative as a nag with a face-pack does her hair, puts on a frock and "It's you!" he cries. And whaddaya know, his squabbling in-laws turn out to be the comically irascible club-owner Sam and wisecracking cigarette-girl Gladys (Jenny Logan) of his dream. He even gets to take the girlfriend's glasses off, thus transforming her, according to time-honoured alchemy, into a beauty.

He decides to give the title song a happy ending. The critics realise that the evening has passed without actually hearing the number right through and, reckoning that for once they have the breaks, steal away.

Richard Lyndon as the villainous Rico, Nicola Dawn as the lovely Lola

Greece mourns end of an era

Peter Aspden on the death of bouzouki player and composer Manos Hadjidakis

There is a poignant scene in Jules Dassin's *Never on Sunday* in which Homer Thrace, the hrash American know-it-all determined to bring back the true cultural values of ancient Greece to a country he finds riddled with happy hookers and hard drinkers, castigates Takis, the local *bouzouki* player, for being unable to read music, thus forsaking any right to be called a musician.

The scolded Takis sulks away to lock himself in the bathroom, only to recover his spirits when Ilya, the compassionate whore played by Melina Mercouri, persuades him that the birds in the trees manage to be the most beautiful of all music-makers without ever naeding to consult written notes.

The scene was almost certainly based on a real-life incident during the shooting of the film; Dassin bad been assured by his wife Mercouri that the film score's composer, Manos Hadjidakis, would produce a fitting piece of music to accompany his sharply cynical portrayal of American cultural imperialism.

What he had not expected was that Hadjidakis would turn up with a group of friends with not a leaf of sheet music between them, asking tbem simply to improvise round any random melody be would start picking out.

Dassin need not have worried; Hadjidakis's main theme for *Never on Sunday*, sung by Mercouri, won that year's Original Song Oscar and became a massive international hit.

The death of Hadjidakis last week, following so closely that of his great friend and collaborator Mercouri in March, has left Greece in a state of shock which is bard to imagine in any other European country.

These two great charismatic performers, along with Mikis Theodorakis, were by far the most potent symbols of Greece's cultural golden era at the start of the 1960s, when the country began to emerge from the lengthy shadow of its Nazi occupation and civil war, and started to enjoy the fruits of cheap air travel and bordes of sunshine-seeking northern Europeans.

The *bouzouki*, and the brooding, sensual *rebetiko* folk-song became ubiquitous harbingers of tbe country's new self-confidence; previously dismissed as a marginal, working class phenomenon, Hadjidakis and Theodorakis used their flair for melody, and later their thirst for experimentation, to bring this essentially eastern musical form to mass attention.

Today, serious music critics dismiss much of these composers' work as tourist-kitsch, but that is to underestimate its role in defining a new identity for a modern country straining to shed a frightening burden of ancient glories.

For a brief period, before the Colonels' coup in the spring of 1967, Greece – *modern* Greece – felt it could teach the world a thing or two about living, whether in the form of Anthony Quinn's Zorba, conducting Alan Bates in a few weary dance-steps on tbe beach, or Mercouri's Ilya, devouring *ouzo*, sailors and capitalism in equal measure.

Today, straining to breaths through the belching fumes of its capital city, racked by economic uncertainty, feeling threatened by border states, Greece has lost that momentary sense of exhilaration and has reverted to its previous cultural inferiority complex. As long as there was Melina fighting to her last breath for ber Marbles, as long as Hadjidakis continned to hold court in Atbenian cafés, Greeks could still rememher when things felt better.

The loss of these dominant figures deals a hefty blow to a national psyche which, forged by the Cassandras and Medeas of its cultural beritage, needs little encouragement to look on the bleak side of life.

Sizzler in the concert hall

Paul Driver reviews John Adams' new concerto conducted by Kent Nagano

The London Symphony Orchestra's concert under Kent Nagano at Barbican Hall on Thursday was designed to be sizzling and balletic: Ravel's *La Valse*, Prokofiev's *Romeo and Juliet* ballet suite and the European premiere of the Violin Concerto by the American John Adams (born 1947), a composer renowned for heady minimalist rhythmic intensities. Nagano is a leading exponent of Adams's work, having launched (and latterly recorded) his opera *The Death of Klinghoffer* and performed many of his other pieces.

He is also a guaranteed sizzler in the concert hall. His account of Ravel's bewitching yet brutally vivid "choreographic poem", that strangely extrovert threnody for the old Europe, which begins in tha ballroom to end on the battlefield, made one feel the truth of all those epithets and brought bome the sheer sonorous power of the LSO, especially in the lower and darkly rumbling registers. No matter how dark and rumbling the sounds, they were always precisely focussed: littla curling counterpoints took on chilling force.

Adams's concerto, written in 1993 and premiered in Minneapolis in January (with soloist Jorja Fleezanis) is also a kind of choreographic poem, having been jointly commissioned not only by two orchestras (Minnesota Orchestra; LSO) but by the New York City Ballet. Adams'a strict, often motoric rbythmic manner and colourful (but often inwardly complex) imagery lend themselves readily to dance.

His 1988 score *Fearful Symmetries* bas been choreographed no less than six times, most recently by Ashley Page, whose Royal Ballet version opened at Covent Garden last week.

But it was out of the experience of opera composing, Adams writes, that the present concerto sprang. To him it illustrates a melodic and harmonic flexibility and a contrapuntal richness alien to the minimalist rigour of his earlier work but called for by *The Death of Klinghoffer* and now the basis of what he calls a "post-*Klinghoffer*", or post-minimalist, language. Actually, few minimalist composers besides the soporific Philip Glass bave tended to keep matters truly minimalist for long; but there is no mistaking the opulent melodic and contrapuntal intentions of this new work, even if the part-writing is heavily dependent on flurrying scale passages, and the rhapsodising does not quite throw up tunes.

The orchestra used is small (doubla winds), but a large assortment of percussion and a pair of synthesisers make up the odds. When the latter are not spending time perversely imitating the barp, they contribnte some novel, ethereal effects. There are the three movements, fast-slow-fast, traditional to a concerto: the second a gently musing and attractive Chaconne with the curious subtitle "Body through which the dream flows"; the third an exceptionally lively Toccata with extra bite supplied by claves and cowbell. The solo part, brilliantly despatched by Gidon Kremer, is full of traditional figurations and devices. With likeable impunity and verve, Adams has produced a virtuoso vehicle in something like the grand romantic manner.

Chess No 1027

1 Rf8+ Kg7 2 Bh6+ Kxg6 3 Rg8 with no defence to 4 Rh5+ Bxh5 5 g5 mate.

TELEVISION

SATURDAY

BBC1

5 News. 7.30 Felix the Cat. 7.45 Joe 90. 8.15 The Flintstones. 8.35 Round the Twist. 9.00 Parallel 10.55 To Lassie with Love. 11.45 Weather.

1.50 Grandstand. Introduced by Desmond Lynam. 12.00 Tennis: Wimbledon '94. Coverage of the sixth day's action from the All-England Club, as players vie for a place in the last 16. Commentary by John Barrett, David Mercer, Mark Cox, Bill Threlfall, John Alexander, Paul Hutchins, Julian Tutt, Virginia Wade and Ann Jones. 1.00 News. 1.05 Tennis. 4.45 World Cup '94: A round-up of news from America, where Argentina and Holland are among the teams in action later today. Times may vary.

5.15 News.

5.20 Regional News and Sport.

5.20 Film: The Three Musketeers. Comic version of Dumas' classic about brave swordsmen who foil a treacherous plot to kill King Louis XIII. Starring Oliver Reed, Richard Chamberlain and Michael York (1973).

7.10 Pop Quiz. Roger Taylor, Pete Cunnah, Toby Jepson and Matthew Pateman compete in the test of musical knowledge, featuring archive footage of Cat Stevens, Bros, Led Zeppelin and The Waterboys.

7.40 Hit the Road. Team captains Jonathan Coleman, Annabel Giles and John Leslie urge Bobby Davro, Stuart Hall, Jonathon Morris, Jenny Powell, Sarah Vandenbergh and Bradley Walsh to perform a variety of bizarre tasks in Harrogate.

8.20 News and Sport; Weather.

8.40 World Cup Grandstand. Argentina v Nigeria. Live coverage from Foxboro, Massachusetts. Will the Nigerians be able to emulate the exploits of Cameroon, who dented Argentine pride in the opening game of Italia '90? Plus, highlights of Belgium v Holland, and Saudi Arabia v Morocco.

11.00 Athletics: European Cup. David Coleman commentates on the opening day's action from Alexander Stadium, Birmingham.

11.40 Film: Relentless. A newly promoted detective and his jaded partner set out on the trail of a serial killer who selects his victims from the telephone directory. Thriller, starring Robert Loggia (1989).

1.15 Weather.

1.15 Close.

BBC2

6.00 Open University. 12.15pm Film: Cattle Queen of Montana.

1.40 Gardeners' World Live. Highlights of some of the designer gardens displayed at the programme's annual show at the National Exhibition Centre, Birmingham. Plus, David Stevens meets Noel Edmonds and a green-fingered Mr Blobby when he visits Crinkley Bottom.

2.30 Scrutiny. Investigations into the latest parliamentary issues and concerns.

3.00 Wimbledon '94. Live coverage from the famous lawns of the All-England Club, as the seeds duel with ambitious outsiders for a place in the last 16. Once again the top names will start as favourites, but it has been something of a trend in recent tournaments for unranked outsiders to put one over on their more fancied opponents, as Britain's Jeremy Bates showed with his victory over three-times Wimbledon winner Boris Becker in the Stella Artois tournament at Queen's Club.

8.30 Film: Young Sherlock Holmes. Action-packed adventure following the teenage detective and his sidekick Watson as they embark on their first investigation while still at school. Nicholas Rowe and Alan Cox star (1985).

10.15 Today at Wimbledon. Sue Barker presents highlights of today's play, and analyses the first week of the tournament with the help of an expert studio guest.

11.15 Fine Cut. The award-winning documentary series focuses on the controversial issue of modern sexual attitudes. This film reveals the humorous yet tragic tale of men and women who choose to live without the social, moral and psychological constraints of the rest of society at a time when careless promiscuity can prove deadly.

12.25 Film: The Adventures of Gerard. A boastful French officer undertakes a mission to deceive the English forces during the Napoleonic Wars. Comic historical adventure, starring Peter McEnery, Claudia Cardinale and Eli Wallach (1970).

2.00 Close.

LWT

6.00 GMTV. 9.25 Gimme 5. 11.30 The ITV Chart Show. 12.30pm Opening Shot.

1.00 ITN News; Weather.

1.05 London Today; Weather.

1.15 NBA Basketball.

2.00 Athletics: The European Cup. Jim Rosenthal introduces the opening day's action from Alexander Stadium, Birmingham.

4.45 ITN News; Weather.

5.00 London Today; Weather.

5.15 World Cup '94. Belgium v Holland from the Citrus Bowl, Orlando. The Dutch have spread the international net far and wide to trawl in their team for this tournament, while Belgium's squad is drawn entirely from their domestic first division, with the exceptions of Parma's George Grun and Enzo Scifo of Monaco.

7.45 Stars in Their Eyes. Soundalike contestants take the stage as Neil Sedaka, Mick Hucknall, George Michael, Connie Francis and Linda Perry of 4 Non Blondes.

8.30 Film: Beaches. A successful singer visits her terminally ill friend to reminisce about their life-long relationship. Tearjerker, starring Bette Midler and Barbara Hershey (1988).

10.30 ITN News; Weather.

10.40 London Weather.

10.45 Film: Bright Lights, Big City. Drama starring Michael J. Fox as a magazine researcher whose life falls apart when his drug habit spirals out of control. With Kiefer Sutherland (1988).

12.45 Tour of Duty; ITN News Headlines.

1.40 The Big E.

2.35 Gaz Top Non Stop; ITN News Headlines.

3.35 Cinema, Cinema, Cinema.

4.05 BPM.

5.00 Hot Wheels.

CHANNEL4

5.00 4-Tel on View. 6.35 Early Morning. 10.00 Trans World Sport. 11.00 Gaelic Games. 12.00 Sign On: At Leisure. 12.30pm People First.

1.00 4 Goes to Glastonbury. Live coverage from the annual rock festival, including performances by M'Shell, Grant Lee Buffalo and Ride. Plus, comedy cabaret acts and choral works.

2.40 Racing from Newmarket and Newcastle. Introduced by John Francome and Derek Thompson. From Newmarket: The 3.05 Fred Archer Stakes, 3.35 Van Geest Criterion Stakes, 4.10 Ewar Stud Empress Stakes, and the 4.45 Plantation Stud Maiden Stakes. From Newcastle: The 2.45 Cameron Hall Developments Sprint Trophy (H'cap Stakes), 3.20 Journal 'Good Morning' Handicap Stakes, 3.55 Newcastle Brown Ale Northumberland Plate (H'cap Stakes), and the 4.30 Harcros Timber and Building Supplies Stayers Championship Series Stakes (H'cap).

5.05 Brookside; News Summary.

6.30 Film: Jason and the Argonauts. Classic fantasy adventure chronicling the legendary Greek hero's perilous quest for the fabled Golden Fleece. Starring Todd Armstrong, Nancy Kovack and Honor Blackman (1963).

8.35 The Sexual Imperative. How offspring are reared, including an insight into the resources parents need to provide for their young successfully.

9.30 The Unpleasant World of Penn and Teller. Another chance to enjoy macabre illusions by the cult American duo. With Fiona Fullerton.

10.00 4 Goes to Glastonbury. Further live coverage from the music spectacular.

12.30 Late Licence.

12.40 Herman's Head.

1.10 Just for Laughs.

1.40 Naked City.

2.25 Beavis and Butt-Head.

2.55 True or False.

3.25 Close.

REGIONS

SUNDAY

BBC1

BBC2

LWT

6.00 GMTV. 9.25 The Littlest Hobo. 10.15 Link. 10.30 Sunday. 11.00 Morning Worship. 12.00 Sunday. 12.30 pm Crosstalk; London Weather.

CHANNEL4

6.10 Early Morning. 9.45 The Odyssey. 10.15 Saved by the Bell. 10.45 Rawhide. 11.45 Little House on the Prairie.

REGIONS

RADIO

SATURDAY

SUNDAY

CHESS

Nigel Short and Michael Adams are through to the Intel world championship semi-finals after surviving the hazards of speed chess play-offs at New York's Trump Tower.

Short defeated Boris Gulko of the US in their third tie-break while Adams required all of six speed games, ending in a 104-move marathon, to eliminate Sergei Tiviakov.

One of Adams' specialities is his home-made opening repertoire with the white pieces. Here, 2 c3 against the Sicilian avoids most book lines, and play really starts when his shrewd 14 Bg5 provokes slight but ultimately decisive gaps in the Russian's defences.

M. Adams, White; S. Tiviakov, Black; 6th game 1994).

1 e4 c5 2 c3 d5 3 exd5 Qxd5 4 d4 Nf6 5 Nf3 Nc6 6 Be3 cxd4 7 cxd4 e6 8 Nc3 Qd6 9 a3 Be7 10 Bd3 0-0 11 0-0 b6 12 Qe2 Bb7 13 Rad1 Rad8 14 Bg5 g6 15 Bc4 Rfe8 16 Rfe1 Nd5?! Na5 17 Ba2 Nd5 seems better, to recapture on d5 with a piece and keep White's d4 pawn as a target.

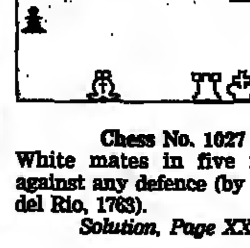
17 Bxd5 exd5 18 Qd2 f6 19 Bf4 Qd7 20 b4 g5 21 Bg3 Bf8 22 h4 White's 20 b4 gained Q-side space, and now he softens up the other flank. h6 23 hxg5 hxg5 24 Rxe8 Rxe8 25 Qa2! Ne7? Nd8 keeps d6 guarded, stopping the white knight's entry.

26 Ne4 Bg7 27 Nd6 Rd8 28 Re1 Bc6 29 Qe2 Ba8 30 Qd3 Bf8 31 b5 Bh6 32 Re1 Rf8 33 Nh2 Bg7 34 Nf1 f5 35 Be5 Plugging one weakness creates another. Black prevented Ne3-f5, but conceded the f5 square.

Ng6 36 Ng3 Bxe5 37 dxe5 Nh4 38 Ndxf5! Nxf5 39 e6 Qh7 40 Nxf5 Bb7 If Black takes on f5, the e pawn promotes. 41 e7 Re8 42 Re6 Bc8 43 Qxd5! Resigns If Bxe6 44 Qxe6+ Kh8 45 Qf6+ Kg8 46 Nh6+ wins.

The semi-finals start in Barcelona on September 28. India's Vishy Anand will be the favourite against Adams, while Short v. the US number one, Gata Kamsky, looks close. The eventual winner challenges Gary Kasparov in 1995.

NB: In last week's game, Black's 24th move was Be5 and Black's 25th Kh7.



Chess No. 1027

White mates in five moves against any defence (by Ercole del Rio, 1763).

Solution, Page XXII

Leonard Barden

BRIDGE

A hand from rubber bridge of fair standard – Faulty Timing:

N
♠ K 7
♥ 6 4 3
♦ A 8 5
♣ J 8 7 6 3

W
♠ Q 6 5
♥ 7 2
♦ K J 9
♣ A K Q 10 2

E
♠ J 6 4 3 2
♥ 6
♦ 10 6 4 3
♣ 9 5 4

S
♠ A 10 9
♥ A K Q J 10 9 5
♦ Q 7 2
♣ –

West dealt and opened the bidding with one club. After two passes, South re-opened with two clubs. North replied with two no-trumps and South re-bid four hearts. This jump prompted North to bid five diamonds. South bid six hearts to close the auction.

West opened with the club king. This was ruffed high in hand and declarer drew the trumps with eight and queen. He then cashed king and ace of spades and ruffed a spade with dummy's last trump. He ruffed another club in his hand at trick seven and played off two more trumps to prepare for a squeeze against West.

In the four-card ending, West held KJ of diamonds and AQ of clubs, dummy held A8 of diamonds and J8 of clubs, while South held 9 of hearts and Q72 of diamonds. Declarer played his heart but West discarded queen of clubs. South lost two tricks and the contract was defeated by one trick.

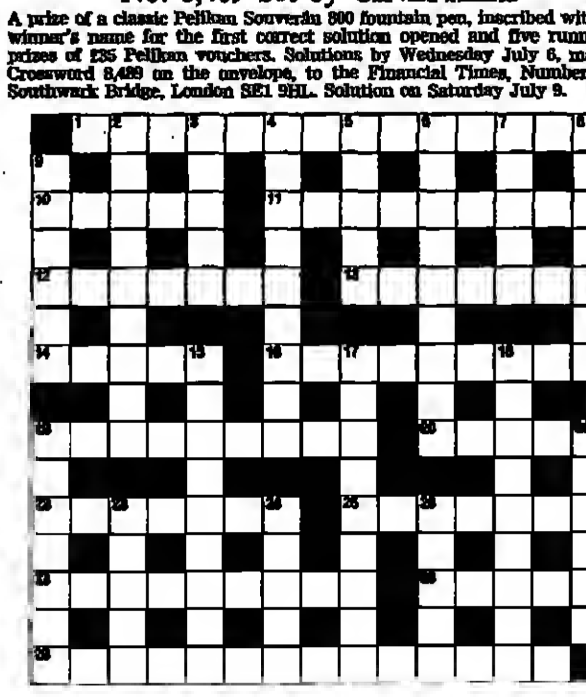
Can we do better? At trick one, we allow the club king to hold – we have rectified the count. We ruff the next club and proceed as before. In the three-card ending, all West's cards – club ace, and king and knave of diamonds – are "busy". He is really squeezed.

E.P.C. Cotter

CROSSWORD

No. 8,489 Set by CINEPHILE

A prize of a classic Pelikan Souverän 800 fountain pen, inscribed with the winner's name for the first correct solution opened and five runner-up prizes of £35 Pelikan vouchers. Solutions by Wednesday July 6, marked Crossword 8,489 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday July 9.



Name____________________

Address____________________

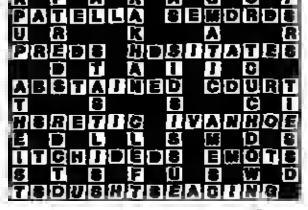
ACROSS

1 Putting on lingerie, brassiere, negligée etc, in one's salad days? (6,8)
10 Piece for doctor in piece of biography (5)
11 Instrument for person to perform verse (9)
12 Where one isn't even able to eat? (7)
13 Hob that may have a relaxing effect (3,4)
14 Patient sufferer in "Travels to Iceland" (5)
16 Fur for stars and emperor (9)
19 Motorway vision about street where horses should continue (3-6)
20 Letter near the mouth (5)
22 Fastened by the lad with constant heart (7)
25 Wrong place to find a carnivore (7)
27 Converse of where princess is going? (9)
28 Pansy sort of instrument? (5)
29 It's the dean's job to describe the contents briefly (7,7)

DOWN

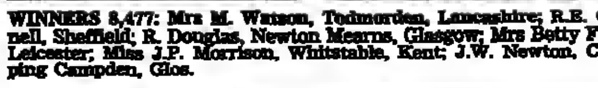
2 Via (5,4)
3 Ring where the bull has it, round its neck? (5)
4 Low sound, loud in a champion, belonging to Blake's pity and Dubcek's socialism (5,4)
5 Managed church and stock farm (5)
6 Small worker for quick writer (9)
7 One with business on a Spanish island (5)
8 Grouse like a youth about his hostel? (7)
9 Counter account, American, led by sailor (6)
15 Competitive sort of razor (9)
17 Watch the enemy speaking peace (9)
18 Old coin for joint ruler? (4-5)
19 Musical doctor without some loss (7)
21 In the wrong direction as a carrier (6)
23 Opera goes to part of opera house (5)
24 Painter that will last? (5)
26 Four through cover makes one very angry (5)

Solution 8,488



Solution 8,477

WINNERS 8,477: Mrs M. Watson, Todmorden, Lancashire; R.E. Cornell, Sheffield; R. Douglas, Newton Mearns, Glasgow; Mrs Betty Ford, Leicester; Miss J.P. Morrison, Whitstable, Kent; J.W. Newton, Chipping Campden, Glos.



Wrestling with a knotty problem

Dominic Lawson confesses to an increasing affliction – clothing cowardice

This week I received a visit from a man from the Iranian embassy, or rather, as his card specified, The Islamic Republic of Iran. He was not wearing a tie. They do not, in the Islamic Republic. I believe it is something to do with the tie being a Christian symbol, crosses and all that, which keeps the Iran of the ayatollahs an open-necked zone.

Open-necked is not quite accurate. The man from Tehran had his white shirt buttoned (on a very hot day) to the top. Now, I do not want to argue that I would have been friendlier to my visitor if he had been wearing a tie: we opinion formers are never so superficial, even after a good lunch on a hot day in the City. But the emissary's strict adherence to the dress code of a regime we tend to regard as a fanatical alien theocracy was not designed to put me at my ease.

Clearly the man could not have been a spy. But what must he have thought of me? Here, in an office lacking air-conditioning with the windows bolted shut against the noise of passing traffic, sat the Englishman in a suit and tie, drinking hot tea with milk.

Which of the two men could be said to have the odder customs, at least as far as dress is concerned? The encounter set me thinking. Why should I not come to work in the summer dressed in the open-necked style which pleases me, rather than some unfathomable code of etiquette.

This tie business is a particular problem. I like my existing range of shirts, but in the past, while the sleeves have kept their length nicely, the collars have mysteriously shrunk in the wash.

Every weekday morning there is an awesome, asphyxiating struggle to lock the tie into place. The blood supply to the brain is impaired, and the ideas which I woke up with, dwindle in direct proportion to the diminished supply of oxygen.

There is no excuse for this. It is not as if there was some senior figure in the office who could tell me that I was not properly dressed without a jacket and tie. Nor would I have any trouble getting into restaurants. With the exception of the Savoy Group and the Ritz, I can think of few places of executive entertainment where the traditional dress code is rigidly enforced. And even there the staff will gladly lend the casual diner a temporary jacket and tie. I suppose it all boils down to that awful disease of the middle-aged: the desire to be taken seriously.

I am frightened to be mistaken for an advertising copywriter or a member of the bohemian intelligentsia – my office is dangerously close to *The Guardian's*.

At weekends too, I am increasingly afflicted by this clothing cowardice. When I am in Gloucestershire, solid farming country, I do not want the passing men of the soil to realise, before I open my mouth, that I am an interloper, a man from the "smoke", as they call London. So I must wear a Barbour jacket, old corduroy trousers, and uncleaned green wellingtons. I am still, of course, betrayed by the speed with which I drive my car around their narrow lanes, but there are sacrifices my temperament is not prepared to make, even for social acceptability in the shires.

There are certain people, back in the City, who think they have found the answer, who have developed an item of dress which is meant to proclaim: "Yes, I have a good and responsible job, but I am more witty and imaginative than the rest of you bores."

This item is called the bow tie. But, while I have one or two friends who perpetrate this sartorial statement, I think we can all agree that, on the whole, bow-tie wearers are wrong 'uns: the circumstantial evidence is compelling.

Indeed, had the man from the Iranian embassy come into my office wearing a bow tie, I would have been even more undiplomatic over the matter of Salman Rushdie.

You will have noticed that I have touched only on the matter of male dress codes. And unavoidably so. While it is true that the public dress of women in the Islamic Republic of Iran is not strong on variety, over here only a book could scratch the surface of so deep and mysterious a social issue.

■ *Dominic Lawson is editor of The Spectator*

Private View/**Christian Tyler**

Breakfast with a one-man welfare state

To be invited to breakfast and discover your host making tea and toast in his dinner jacket is mildly disconcerting, especially if he is nearly 79 years old.

Could the famously unconventional Michael Young (less well known as Lord Young of Dartington) have just returned from an all-night, end-of-term, party? Unfortunately, no. He was just saving time ahead of an evening engagement at Glyndebourne opera.

But since it *is* nearly the end of term and since it is also the 25th anniversary of the Open University, the creation of which Michael Young inspired (the OU now boasts more than 200,000 students and has been copied in 30 countries), it seemed a good time to find out what this remarkable entrepreneur was up to.

Lord Young is too gentle for an entrepreneur, too modest for a visionary. Listening to the thin, quiet voice it was hard to picture the social revolutionary who, among other things, drafted the 1945 Labour Party manifesto founding Britain's welfare state, coined the word "meritocracy" (to warn of its dangers) and created the Consumers' Association with its enormously successful magazine, *Which?*.

He has a talent for originality rare in a conformist world. He sees what is happening rather than what ought to be happening, describes what is lacking, and sets about creating an organisation to supply it. It is a one-man welfare state.

One of his latest wheezes – a prediction, really, for the next century – is the "open school". It is his solution to the problems of truancy, disruption and academic failure and modelled on the Open University principle that every student is a volunteer, not a conscript.

Children are growing up sooner, Lord Young observes, but the time they spend in schools gets longer. Therefore they should, if they wish, be able to leave at any point after primary level and do something socially useful under supervision – including learning from home – until they are ready to resume formal studies later in life.

Utopian, or barmy? From any other mouth such an idea would be mocked to death. But similar schemes are emerging already.

"I suppose I am influenced by the fact that I was at a school where there was little or no compulsion," Lord Young explained. He was referring to Dartington Hall School, the progressive establishment in Devon (recently closed after a series of scandals).

"We didn't have to attend classes unless we wanted to. And one was encouraged to learn through undertaking projects of various kinds. So when I was 13 or so I mainly worked on a poultry farm, in the woods. I also set up a motorcycle repair business and bought and sold motorcycles. Through the chickens I learnt elementary book-keeping and how not to make a terrible loss.

"I was certainly happy there. I think happiness is a good goad to learning. It put the idea in my mind how much more swiftly people learn if they really want to and how it can be spoilt for them if they have to. What may be awful at 10 may be very agreeable at 13, and so on. Children don't develop at the same rate."

You went to *some* classes at Dartington I suppose?

"I went to a few, mmm. I was mainly interested in painting." He indicated a youthful landscape on the sitting room wall and told me he had a studio full of pictures. "And I was interested in philosophy. If there were any compulsory classes they were in philosophy. Bertrand Russell's children were there too. He was quite a frequent visitor and sometimes joined in the classes."

What about the learning gaps? Lord Young's example was not persuasive: he recalled visiting Blenheim Palace as a youth with Anthony Crosland and Roy Jenkins and marvelling at their knowledge of the painters displayed there.

Gaps or no, Michael Young was able to get a degree at the London School of Economics while simultaneously qualifying as a barrister. Unfit for military service because of asthma, he ran the think-tank Political and Economic Planning during the second world war, joining Labour Party headquarters as research director at the end.

He became disillusioned with politics and the outcome of the nationalisation which he had himself fostered. So he turned to sociology, achieved a doctorate, and lectured for a while at Cambridge. He calls himself a "libertarian socialist".

Open schools sounded fine, I said, but with the demands of today's economy could we wait for children to feel ready to learn?

"But you can't train someone, not effectively, who doesn't want to be trained," he replied. "It's not that I'm against schools, or education or anything. I just like them to be attractive. If one was to abolish compulsory education altogether most young children would certainly go. You just have to see what pleasure children of three get at nursery school.

"You would have to introduce this sort of thing gradually. People would be nervous, and rightly, about the minority of children who might escape the system altogether. Clearly there are a lot of children for whom the standard diet is satisfactory. They take to it beautifully. It would be awful if any changes were to upset that.

"In essence they are volunteering. So they've got to be catered for along with the rest. You can't just have everyone walking in the woods and coming back with nice charcoal sketches." He laughed.

What about "workfare"? Lord Young's voice adopted a stentorian authority as he pretended to address a defaulter: "Yes. You don't look after people with Alzheimer's disease. You haven't learned how to look after a trout fishery in north Wales. You have *refused* to go to Africa to help with the irrigation scheme in Rwanda. There's something wrong with you, John! You can't expect us to keep you if you don't do anything at all."

It was not only his schooling which was unconventional. Michael Young's father was an Australian violinist who turned music critic. His Irish mother separated from his father, after falling for a Russian Bolshevik with a flashing smile, and lived the bohemian life: love affairs, painting, partying and teaching at the Workers Educational Association.

I asked her son what, in founding 30 or more organisations, he had been trying to do all these years.

"God knows. Maybe he doesn't. I've obviously tried to meet a need. I think I've got a rather keen sense of the market – usually not a commercial market – or of a demand that can be met by some innovation. I've always been motivated by opposition."

He is also moved by what he calls "the wonderful potential in all of us that isn't being realised".

"And I think there has been a sort of communitarian or collectivist theme. I've always thought that co-operatives were, *on principle*, the best sort of organisation for economic and social purposes."

So the Consumers Association is an information co-operative whose members act as guinea-pigs for each other's purchases. The Advisory Centre for Education monitors schools, the College of Health medical treatment. His University of the Third Age, set up with the social historian Peter Laslett, has retired people teaching each other. On his "brain trains" it is the commuters.

He recognises, however, the failure of most workers' co-operatives. That had been a disappointment, he said.

Are people fundamentally collaborative or selfish?

"Both. But I think what we've played up is the selfish side of it, and the collaborative side has been played down. The way we think about society and manage it – I think the whole thing is out of balance."

Many people must think of doing something when their toaster doesn't work, I said. But you go and start an organisation. What makes you different?

"What I learned from Dartington is the practical, or administrative sense. I don't think I'm a good administrator of something which is routine but I think I'm a good administrator of something which isn't yet born because I have a rather good head for detail."

And because you know how to work the system?

"I can often see where with small effort you can *achieve* a relatively large result."

He guards against failure by looking for people to find fault with his schemes. "The most valuable people in *any* new enterprise are those who think it's no good."

Lord Young inspired the creation of the Open University and drafted the 1945 Labour Party manifesto: he sees what is lacking and sets about creating an organisation to supply it.

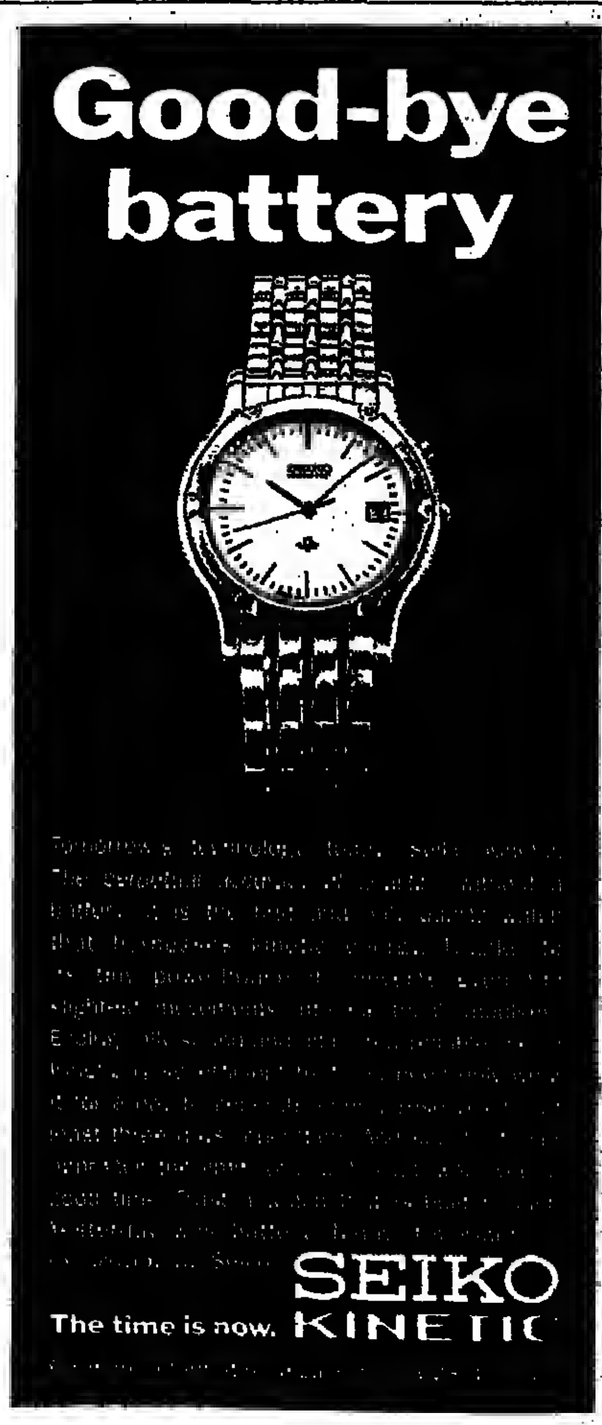
You seem to enjoy creating these bodies as much as seeing the benefits, I said.

"Once something's going, if it *is* going, I'm happy to leave it. Unfortunately I find it difficult not to keep thinking of things to be done. They come streaming into my mind."

His latest project is to improve *the rites of death*. It may have less to do with his age than with the premature death exactly a year ago of his second wife, Sasha Moorsom. It is obvious he misses her a great deal. "I would have liked to have died before her and to change places with her if one of us had to die," he said, almost whispering.

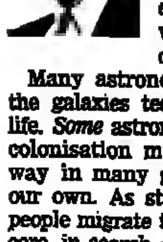
He spent hours in research at crematoria watching the hurried routine enforced by the expense of the machinery. "Binding people to the pace of the machine can give a very inhuman result," he said. "It is even more terrible than I thought." His National Funerals College, launched *this month*, aims to remedy that by putting clergy, funeral directors, counsellors and crematorium managers together.

There is yet another project on the books, to do with the beginning of life. But that is still a a secret.



An inter-galactic goal

Michael Thompson-Noel



I am enjoying the World Cup. Soccer is the world's game, and will be one of the first cultural activities mankind establishes on foreign planets once we embark on space colonisation.

Many astronomers believe that the galaxies teem with intelligent life. *Some* astronomers believe that colonisation must be well under way in many galaxies, including our own. As stars wax and wane, people migrate towards the galactic core, in search of fresh worlds, and discover that the galaxies are veined by refugee and trade routes streaming inwards, towards concentrations of civilised life.

I like that theory. I believe it to be true, which leads me to imagine that somewhere close to the centre of our own galaxy – perhaps at this moment – a variety of beings are competing in the Milky Way World Cup of soccer-playing planets.

Given the distances, and the problems with travel – strikes by signallers, the congestion at stellar intersections – I doubt whether the Milky Way World Cup is staged at intervals shorter than 10,000 light years. But it must be fun when it happens. Imagine the advances in tactics and the improvements in training methods that must be displayed at this galactic soccer festival once every 10,000 light years.

From that perspective, our own World Cup is a primitive thing indeed, ruggedly prehistoric, played by coarse creatures barely out of the slime stage, evolutionarily speaking, though much further up the scale of soccer-playing life, it has to be admitted, than the creatures from countries that failed to qualify – many of whom, unfortunately, are at a pre-language stage and do not use utensils to cut meat.

I am lucky that I can watch the World Cup undistracted by distaff chattering. I am watching the World Cup on the smaller of our two television sets, in a corner of the dining room, while Miss Lee, my executive assistant, is

HAWKS & HANDSAWS

ensconced in the sitting room, which she chooses to call the green room, watching Wimbledon, or films about surfies.

She watches nothing else. She is contemptuous of soccer – except, that is, for a handful of Latin American players whose careers she monitors with wistful devotion.

I bumped into her the other evening.

She said: "Hello, Michael. How is Valderrama doing? Is he juicing things up?"

I said: "*Carlos* Valderrama, who plays for Colombia? What a big girl's-blouse. All that ridiculous hair, and what does it add up to? Nothing whatsoever. Colombia are finished. They haven't won a point. What a load of rubbish."

"How about Etcheverry, that nice Bolivian? I imagine *he's* surging."

"I'm afraid that Etcheverry kicked a German and was shown the red card, so it's goodnight to him."

"Caniggia of Argentina?" Miss Lee looked distracted. "Surely *he's* prospering, thrusting into the penalty area, banging home the goals."

"Claudio Caniggia is another girl's-blouse."

"So tell me about yourself, Michael. How are you doing? I recall that among a series of half-baked forecasts you made at the start of the year, you predicted that in the final of the World Cup Norway would beat Brazil 3-1."

"Did I?"

"It was New Year's Day. I remember sitting in the green room on New Year's Day and perusing, for want of something better, a series of forecasts you made for 1994, of which Norway to beat Brazil 3-1 in the final of the World Cup was possibly the most eccentric.

"You sounded highly disturbed. You predicted, for example, that the FT-SE 100 would top-out at 3,660 before Easter and then fall like a stone in September or October, and that the gold price would finish 1994 above $500 an ounce."

"And so it could, if the Chinese masses get their dander up and buy gold heavily. They love their gold, those Chinese masses. An extra ounce per Chinese household per calendar year would send the gold price soaring."

"You also said that John Major would resign."

"And so he will, Miss Lee. Just as Norway will beat Brazil in the World Cup final. You'd *like* Norway. There's Sigurd Rushfeldt and Jan Aage Fjortoft and Jahn Ivar Jakobsen . . ."

I looked up. Miss Lee had vanished. I was talking to myself. I returned to the dining room, to my glistening screen, which brings me weird stories from places far away.